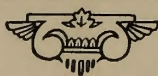




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CAUSES AND EFFECTS OF DEPRESSION ON INDUSTRY

IN MASSACHUSETTS

BY

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BOSTON UNIVERSITY 1929

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CHAPTER I

THE first thing that struck me when I stepped out of the train at the station was the cold. It was a sharp, biting cold that seemed to penetrate to the bone. I shivered as I pulled my coat tighter around me. The air was thick with the smell of coal smoke and the sound of distant bells. I looked up at the clock tower, its hands pointing to a time I did not know. The street was empty, the shops closed, and the only light came from the gas lamps lining the sidewalks. I felt alone, lost in a strange land.

CHAPTER II

As I walked down the street, I noticed a group of men standing near a doorway. They were looking at each other with expressions of concern. I approached them, and one of the men spoke to me. He was an older man, with a white beard and a kind smile. He told me that I was in good luck, that the weather was just what I needed. He offered me a cup of tea and a place to sit. I accepted his offer, and we sat on a bench under a large tree. He told me many things about the city, about its history and its people. He said that I would find it a strange but interesting place. I listened to him with interest, and when he finished, I thanked him and continued on my way.

CHAPTER III

I found my way to the hotel where I was staying. The room was small but comfortable. I took a bath and changed into clean clothes. I looked out of the window and saw the city in the distance. The lights of the city were visible, and the sound of the bells could be heard. I felt a sense of peace and comfort. I had found a place to stay, and I was safe. I closed my eyes and fell asleep, dreaming of the adventures that lay ahead of me.

CHAPTER IV

The next morning, I woke up early. The sun was shining brightly, and the air was fresh. I got up and went to the window. I saw a group of people walking down the street. They were carrying bundles and looking tired. I felt a pang of sympathy for them. I remembered the old man from the night before. He had been kind to me, and I had learned a lot from him. I decided to go out and see what was going on. I walked down the street, and I saw the same group of people. They were now standing in front of a large building. I approached them, and one of the men spoke to me. He told me that the building was a school, and that the people were students. He said that they were going to school, and that they were very happy. I listened to him with interest, and when he finished, I thanked him and continued on my way.

CHAPTER V

I walked on and on, feeling a sense of purpose. I had found a place to stay, and I was safe. I had learned a lot from the old man, and I was going to school. I felt a sense of hope and optimism. I was going to make a life for myself in this strange land. I walked on and on, feeling a sense of peace and comfort. I had found a place to stay, and I was safe. I had learned a lot from the old man, and I was going to school. I felt a sense of hope and optimism. I was going to make a life for myself in this strange land.

INTRODUCTION

GENERAL DEPRESSION DISCUSSION

Since the Industrial Revolution, we have always had depressions. Our Machine Age depression of 1929-1933 is probably the most severe one we have ever experienced, because more people are affected and have suffered from it than from any previous depression. There does not seem to be any line of business which has not suffered. People and business alike have been struck, the rich men losing their fortunes and the poor men losing their jobs in the chaos.

The causes of the depression are too many to enumerate at this point, but by way of general explanation it might be said that a period of readjustment in our capital world had become necessary, and through the operation of our usual business cycle the severe depression swept over the world. The business cycle is still the monster with which our capitalistic economy has absolutely failed to cope, and until our capital system can control the business cycle, and not be controlled by it, it is relatively a failure.

Due to insufficient statistical data the figures to indicate the exact effect of this depression will never be known. There are, however, enough facts, information, and evidence, at our disposal now to ob-

INTRODUCTION

GENERAL INTRODUCTION TO THE STUDY

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Due to insufficient statistical data the figures to indicate the exact effect of this depression will never be known. There are, however, enough facts, information, and evidence, at our disposal now to

serve the demoralizing effect it is having on all. At every turn we observe evidence of its effect on our habits, education, health, and morals. In attempting to write about our economic depression, one is reminded of a quotation, viz: "The shadow of a great oak lies abroad upon the ground at noon, perfect, clear, and stable like the earth. But let a man set himself to mark out the boundary with cords and pegs, and were he ever so nimble and never so exact what with the multiplicity of the leaves and the progression of the shadow as it flees before the traveling sun, long ere he has made the circuit the whole figure will have changed." *

So it is with the study of the effects of depression. The effects are apparent, but ever changing. We cannot, of course, be certain when this depression shall cease, but the League of Nations at Geneva placed the exact date of the end of the world economic depression as April 19, 1933. In attempting to write about the depression one must always qualify statements for no sooner are the economic facts written than they quickly change.

* From "Lay Morals" -- Robert Louis Stevenson
 "Business Looks at the Unforeseen" by W. B. Donham
 Frontpiece p. 5

SOME CAUSES OF THE DEPRESSION

DEPRESSION CAUSES ARISING FROM WORLD WAR

The World War is probably one of the greatest factors causing the depression of 1929-1933. It dislocated industry, commerce, and agriculture to such a great extent that eleven years later disastrous effects were upon us in the form of our most severe business and economic depression.

During the war the United States enjoyed a neutral position for the first three years. It was the only great nation not engaged in the war, and its favorable geographical position, and proximity to Europe resulted in large purchases by the allied belligerents. The Allies ordered a tremendous volume of supplies especially foodstuffs and clothing. This furnished United States industry, and agriculture with a continuous demand for goods, which demand always exceeded the supply. Speed and efficiency of production were needed and we immediately set to work to provide for these big war orders.

On April 6, 1917, the United States entered the war. Men and munitions had to be shipped to France and as a result our shipyards set to building ships on a scale never before attempted. Immediately after our declaration of war hundreds of ships were put into process of construction. Hulls were laid for thousands of

deadweight tons. Production equipment of all kinds was built to meet the insatiable demand from Europe and the United States became the banker and workshop of the world during the war and for a time afterwards. From a debtor nation we now climbed to the position of the world's greatest creditor nation. The United States supplied more goods than men, as supplies were at that particular time during the war, more important. The United States with its vast natural resources was able to fill the great demand and became by far the greatest industrial nation the world has ever seen. America prospered and made spectacular progress producing quantities of goods far beyond expectations. We had the facilities and used them to the maximum. We had full employment and the producers vied with each other to secure people to work for them. From 1916, which was an especially profitable year, to 1919 industry and agriculture continued to supply an expanding market, for even after the war European demands for goods continued.

Following the armistice the United States continued to produce a large volume of supplies for European markets. The battlegrounds in France were impoverished and devastated. Much of the industrial area had been destroyed by the ravages of war, and had to be rebuilt. In Germany the only businesses which did not heed development were those used to advance German interests

during the war. Business had to be revived and building must proceed, but a shortage of man power due to war losses prevented full recovery without assistance from the United States to supply capital and consumer goods.

As a result the United States continued to enjoy the position of supplying Europe with necessary supplies and materials. These were bought on credit and during the next ten years the United States loaned about fifteen billions of dollars in foreign investments besides getting back from Europe practically all American investments owned by Europeans.

This condition of being the workshop of the world was not a permanent one and we could not continue to furnish Europe with money to buy our goods forever. Gradually the countries of Europe recovered their own markets and American farmers and industrialists found themselves producing more than foreign nations needed. New industries were built up in foreign lands which supplied goods cheaper than they could be produced in the United States. Many smaller petty states were set up and their manufactured goods were placed in direct competition with goods produced in America.

Many of the so-called backward nations became rapidly industrialized to take advantage of the world's markets. The United States and England especially suffered by the industrial developments of Czecho-Slovakia

Japan, India, China, Brazil, and New Zealand.

The United States soon found its foreign markets reduced but it still had the tremendous capital structure to produce many more times the quantity of goods that it needed for its home market. The inevitable and business contraction came at last which ended in the way we know too well, the depression starting in 1929. Our exports of domestic merchandise fell from 8 billions in 1920 to 4 billions in 1921, which indicates the tremendous decrease in demand. This of course had a disastrous effect. The following facts compiled by Mr. Robert Huse of the staff of the Boston University College of Business Administration will serve to indicate some important data. The figures cannot fail to show that the world could not recover from the effects of the war without staggering through a period of depression.

Mr. Huse finds:

1. Direct war costs, soldiers salaries,
munitions etc. \$186,333,137,097

2. Indirect war costs, and
economic losses \$151,646,579,560
Total \$337,979,716,657

3. Soldiers dead:

Known soldiers 9,998,771
Unknown soldiers 2,991,000
Total 12,989,771

4. Civilians dead:

Starved or killed during war 4,000,000
Russian civilians killed 2,000,000
Innocent fishermen killed 100,000
Total 6,100,000

* Statistical Abstract--1921 table 482 Page 849

** Figures given in course Ec 21-22 at B. U. CBA 1932-33

Japan, India, China, Russia, and the United States.

The United States has been a leading nation in the world since 1945. It has been the only nation to have won a world war. It has been the only nation to have won a world war. It has been the only nation to have won a world war.

Our exports of goods and services have been a leading source of income for the United States. In 1945, our exports were valued at \$10 billion. This figure has increased steadily since then. In 1950, our exports were valued at \$15 billion. In 1955, our exports were valued at \$20 billion. In 1960, our exports were valued at \$25 billion. In 1965, our exports were valued at \$30 billion. In 1970, our exports were valued at \$35 billion. In 1975, our exports were valued at \$40 billion. In 1980, our exports were valued at \$45 billion. In 1985, our exports were valued at \$50 billion. In 1990, our exports were valued at \$55 billion. In 1995, our exports were valued at \$60 billion. In 2000, our exports were valued at \$65 billion. In 2005, our exports were valued at \$70 billion. In 2010, our exports were valued at \$75 billion. In 2015, our exports were valued at \$80 billion. In 2020, our exports were valued at \$85 billion.

Robert H. Ross of the United States University has been a leading expert on the world economy. He has been a leading expert on the world economy. He has been a leading expert on the world economy.

of business administration will serve as a leading expert on the world economy. He has been a leading expert on the world economy. He has been a leading expert on the world economy.

important data. The following table shows the results of the world economy. The world economy has been a leading source of income for the United States. In 1945, the world economy was valued at \$10 billion. This figure has increased steadily since then. In 1950, the world economy was valued at \$15 billion. In 1955, the world economy was valued at \$20 billion. In 1960, the world economy was valued at \$25 billion. In 1965, the world economy was valued at \$30 billion. In 1970, the world economy was valued at \$35 billion. In 1975, the world economy was valued at \$40 billion. In 1980, the world economy was valued at \$45 billion. In 1985, the world economy was valued at \$50 billion. In 1990, the world economy was valued at \$55 billion. In 1995, the world economy was valued at \$60 billion. In 2000, the world economy was valued at \$65 billion. In 2005, the world economy was valued at \$70 billion. In 2010, the world economy was valued at \$75 billion. In 2015, the world economy was valued at \$80 billion. In 2020, the world economy was valued at \$85 billion.

Mr. Ross's Report:

1. Direct war costs, including military, naval, and air forces, etc.		\$10,000,000,000
2. Indirect war costs, including economic losses, etc.		\$20,000,000,000
Total		\$30,000,000,000
3. Indirect costs, including economic losses, etc.		\$10,000,000,000
Total		\$40,000,000,000
4. Indirect costs, including economic losses, etc.		\$10,000,000,000
Total		\$50,000,000,000
5. Indirect costs, including economic losses, etc.		\$10,000,000,000
Total		\$60,000,000,000
6. Indirect costs, including economic losses, etc.		\$10,000,000,000
Total		\$70,000,000,000
7. Indirect costs, including economic losses, etc.		\$10,000,000,000
Total		\$80,000,000,000
8. Indirect costs, including economic losses, etc.		\$10,000,000,000
Total		\$90,000,000,000
9. Indirect costs, including economic losses, etc.		\$10,000,000,000
Total		\$100,000,000,000

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5. Property losses on land and sea \$36,760,000,000

The economic losses had to be replaced as soon as possible. Millions fewer people meant less shoes, clothing and necessities of life, and as a result the markets suffered. It is not difficult to imagine these severe dislocations which resulted from the war.

The shock of war resulted in serious monetary disturbances. Stable money is impossible to maintain under war conditions, and the world war was most cruel in the monetary changes which it caused. In Great Britain in 1920 the price level had risen more than three times over the 1913 level; in France $5\frac{1}{4}$ fold; in Italy $6\frac{1}{2}$ fold; in Austria 1914 to 1922 more than 17,000 fold which in 1925 became more than 25,000 fold; In Russia by 1922 over 4,000,000 fold, and this figure rose to more than 6,000,000 in 1923. Germany was worse off than any country when in November 1923 at the peak of its inflation the price level rose over the trillion mark,^{*} and a new currency had to be instituted.

During these years shock after shock threw the economic system out of gear and stability was put further and further away with each successive monetary eruption.

About this time huge gold concentrations began to accumulate in both the United States and France and many nations quit the gold standard but this is discussed in another chapter on Maldistribution of World's Gold Supply.

* From "Booms and Depressions" I. Fisher Page 154

The farmers of the United States were severely affected by the deflation of United States currency. From 1920 to 1930 the period of falling prices, or deflation, caused the farmers great hardship. During a period of high prices in 1918 to 1920 they had contracted to purchase land, and pay a fixed rate on the mortgage, and with a drop in prices and great surplus products on the market they found it almost impossible to raise enough money to meet their obligations. Thousands of farms were lost by foreclosure despite organized protests in 1931 and 1932 against the method. President Roosevelt went so far as to ask all mortgage holders to give farmers more time to pay. Many mortgage holders agreed to follow this suggestion which eased the situation temporarily.

The period of deflation wiped out thousands of small business men who had been operation either on a slim margin of profit or under inefficient management.

During the world war women were needed in industry but not afterwards. They seem to have taken hold and are reluctant to forfeit positions to men. With a large number of men who are breadwinners for their family out of employment all married women should give up their positions or be compelled to resign. Women should be homemakers and not factory employees in times of economic distress such as ours. Thousands of employed married women with husbands also working are another cause

* Unless someone depends upon them.

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of trouble. Many industrial leaders who are trying to maintain low production costs, encourage women to keep their jobs as they work for less wages than men. Equal pay for equal work would see men employed instead of women, and eventually this problem arising out of the war may be settled in this way. In some industries the men's wages have been reduced to the women's lower scale. If the man refuses to accept the lower wage scale he is replaced by a woman worker.

In summary the world war has been a serious cause of maladjustments in industry and monetary circles, and is one of the greatest causes of our depression.

UNECONOMIC DISTRIBUTION OF WEALTH

Under our capitalistic form of business enterprises any profits are apportioned in the form of wages and interest on the capital investment. Those contributing either capital or labor receive their recompense from the sale of the articles produced. After years of such procedure the balance becomes unequal and a maldistribution of money results causing another of the elements of depression. The uneconomic distribution of wealth is an important cause of the depression and in the following discussion the greatest condemnation is directed towards our capitalistic form of economy and "laissez faire" which are the basic difficulties upon which rest the maldistribution of our national wealth.

Years ago Karl Marx indicated this inherent difficulty and characteristic of our capitalistic system. He pointed out that profits of capitalists are put back into industry producing more goods until eventually as in 1929 a relatively small class own all the means of producing and control our economic and political policy. Dr. G.H. Derry, head of Marygrove College, states that over 90% of our national wealth is owned by less than 10% of our population. He has vividly described the "five fingers" of capitalism clutching at the neck of labor as, (1) Concentration of wealth, (2) Big profits, (3) Industrial autocracy, (4) The laboring poor as wage slaves, (5) Curse of competition as a determinant of a just wage.

The above seem to cover the case against capitalism and uneconomic distribution of wealth completely. The last point on competition, is tremendously important and is one of the greatest tools the entrepreneur possesses with which to squeeze out of labor the last penny of profit. It is well known that when a business man decides to decrease his costs he immediately cuts labor costs, to secure either an advantage on the market, or increase profits. His competitors upon learning of this usually follow the identical procedure, at no expense or hardship upon any but the wage earner. Thus, the wage earner receives less and less under such conditions, while the owners receive the same approximate income. Such com-

petition is unrighteous and eventually the greatest part of national wealth gets into the hands of a few, and the purchasing power of the masses is definitely reduced. With a reduced purchasing power business begins to slow up perceptively and the owners again slice the salaries five or ten percent, in order to avoid losses when it appears they are about to occur.

The struggle goes on indefinitely over a long period with intermittent strikes, lock-outs, and boycotts. Each class is in conflict with the other seeking the advantage and exploiting when possible. Instead of co-operation there is dissatisfaction and even chaos as in the Peabody, Massachusetts strike of April 1933. At Ford's Automobile Plant in Detroit men have even been killed in riots.

There seems to be no doubt that the wage scale is depressed by the capitalists to the lowest possible level tending to a bare cost of subsistence level. Wages depend upon the number of laborers, or in other words upon supply and demand. The more laborers we have the less pay laborers will accept in competition with each other for a job. Owners will cut wages as low as possible and still obtain hundreds of applicants anxious to secure each available position. Thus from both angles the wage earner's pay is cut to the lowest level possible. In a falling price market entrepreneurs immediately cut wages to stop a further loss. Wages are the one variable fac-

tor in the cost of manufacturing and merchandising and business owners make the most of this element to prevent losses. Depression is encouraged by all these activities.

To show the extent of maldistribution of wealth, wages were decreased over 25% from 1929 to 1931 (with tremendous unemployment in addition) while the payments to business owners for interest and dividends rose to the highest point in the history of United States finance.

Due to the tremendous business activity in the five years before the depression stocks were sold more than ever as we shall discuss in the chapter on the stock market crash. This gave business owners a great additional income on stocks in addition to business profits. The result was an even greater divergence between the so-called monied class and workers, resulting in an uneconomic distribution of income and wealth, causing depression conditions.

GOLD SHORTAGE AND MALDISTRIBUTION

As a cause of the depression how important is a world shortage of gold? Many economists claim it is of vital importance and a major cause, while others maintain there is enough gold for all business needs. If there is enough gold it is certainly maldistributed and does not permit an easy flow of international commercial relations. Maldistribution has reached a point where most

of the nations of the world have been forced off the gold standard at one time or another. In the scramble for possession of gold those countries which have an export trade balance have demanded payments in gold until debtor nations making these payments had but little gold left,, and were eventually forced off the gold standard. Being off the gold standard is in itself no cause for depression, but the reason nations go off the gold standard is usually because they have a smaller supply of gold than they need to redeem their currency which places them in a weak financial position.

Aside from exports which brought gold into the United States and France, the war debt payments which were made in gold, drained the treasuries of the countries making such payments. Germany continued making payments as long as she could borrow money from the United States but when this source of borrowing was cut off in 1928, Germany could no longer continue.

In the five year period from 1919 to 1923 it is estimated that \$430,000,000 was invested abroad annually and in the five years 1924 to 1928 the annual amount of capital-invested was about \$1,220,000,000.*

In 1931, the United States held about one-half of the world's monetary gold supply, and one-quarter of the world's total was in France causing depression conditions, stifled trade and made war debt payments practically impossible..

* "Economic Stabilization in an Unbalanced World" P.70
Alvin Hanson

The following table gives us the statistics of monetary gold stocks of certain countries and of the world as a whole, in millions of dollars.

YEAR	1925	1926	1927	1928	1929	1930
Belgium	53	86	100	126	163	191
France	1,066	1,066	1,065	1,259	1,631	2,099
Germany	303	452	460	666	560	544
Italy	221	223	239	266	273	271
Netherlands	189	180	176	190	195	185
Spain	490	493	502	494	495	471
Switzerland	141	142	139	139	151	180
United Kingdom	712	743	750	754	719	730
United States	4,300	4,492	4,379	4,141	4,284	4,593
Argentina	459	459	540	619	445	420
Japan	576	562	542	541	542	412
Australia	279	232	220	223	185	75
Entire World	10,232	10,495	10,610	10,953	11,201	11,715

England was forced off the gold standard in September 1931, and Japan slipped off later in December, and Germany in 1933. Most of the important commercial nations of the world were off the gold standard in 1932 and 1933, and the currency of those nations lost its value as would be expected. Although these nations deliberately went off the gold standard their currency depreciated greatly, of course, as without a gold base the unit of currency was not held in such high international esteem. Their depreciated currency was a direct reflection on their credit standing.

American private investments abroad according to the United States Department of Commerce Trade Information Bulletin #761, amounted to about \$15,200,000,000. Income from these investments flowed into the United States in gold, annually. The above will suf-

fice to indicate the tremendous inflation one cause of which can be traced to the maldistribution of gold.

During the latter part of 1928, and in 1929, Germany and South America had absorbed nearly all the capital the United States would loan them. The United States capital was thus set free for home investment in the stock market. In another chapter we have discussed the disastrous result of this tremendous investment in home industries.

With this decrease in the amount of foreign investments financial strains became felt at home. The United States was to receive \$1,380,000,000 annually and foreign securities were no longer sold in the United States to balance this figure. Goods could not be sold here because of our high protective tariff and only gold could be used to make the necessary payments. Gold flowed in from Germany, England, Canada and Argentina principally and our gold holdings increased about \$500,000,000 from June 1928 to November 1930.

Such a tremendous increase in our gold holdings had the effect of raising prices here while the rest of the world experienced a falling price level. The world commodity price level was thus being forced downward, while that in the United States operated inversely.

American prices became so high that foreign nations could no longer buy in our high priced markets with money at their low price level. Our exports naturally dropped

* "Economic Stabilization in an Unbalanced World"

By Alvin Hansen P. 78

** Ibid. P. 81

Time to indicate the importance of the situation and the need for action which has been taken to the satisfaction of all.

During the latter part of 1948, and in January, many and much American has happened nearly all the time.

Let the United States would have been. The United States capital was that and free for some investment in the stock market. In another chapter we have discussed the discussion result of this transaction in investment in some industries.

With this decrease in the amount of foreign investment in the United States, the United States was to receive \$1,000,000,000 annually and foreign investments were no longer made in the United States to balance their figures. Goods could not be sold here because of our high protective tariff and only goods could be used to make the necessary payments. Goods flowed in from Germany, England, Canada and Australia.

Exclusively and the gold holdings increased about \$500,000,000 from June 1948 to November 1949.

Such a tremendous increase in our gold holdings had the effect of raising prices here while the rest of the world experienced a falling price level. The world economy price level was thus being driven downward while that in the United States continued to rise.

American prices began to rise and foreign nations could no longer buy in our high price level with money at their low price level. Our price level was dropping

and American dollarization is an important factor in this process.

off in volume.

The higher our prices were the harder it became for American exporters to compete in foreign markets. Under such conditions with our foreign markets cut off, a tremendous surplus developed in the United States which could not be sold at a profit, and the depression resulted.

AGRICULTURAL PROSTRATIONS

Agriculture in the state of Massachusetts probably was not as seriously affected by agricultural disasters as most other states as only about one-half the state land is farmed. There are less than 30,000 farms employing about 32,000 persons. Due to its important industrial position, the agricultural difficulties have faded relatively into insignificance. The Massachusetts farmer, however, has had many sources of grief such as downward price trends in agricultural products, increasing costs of agricultural implements, added difficulties in paying fixed taxes, and higher costs of labor, transportation and finally marketing.

The downward price trend since 1920 caught the farmer in a dangerous financial position. After paying high prices for agricultural implements, and real estate the drop in retail prices brought less income from sales of farm products. The fixed charges on loans and mort-

* Mass. Annual Report 1931, Dept. of Labor and Industries P. 81

The highest net price...
 some for American exporters to compete in foreign mar-
 kets. Under such conditions with the foreign market
 not all a tremendous surplus available in the United
 States which could not be sold at a profit and the ex-
 pression resulted.

AGRICULTURAL PRODUCTION

Agriculture in the state of Massachusetts probably
 was not as seriously affected by agricultural depression
 as that other states as only a few half-acre farms
 land is owned. There are less than 20,000 farms employ-
 ing about 25,000 persons. Due to the important immo-
 bility position, the agricultural difficulties were
 faced relatively less insignificant. The Massachusetts
 farmer, however, has had a hard time at a time when the
 downward price trend in agricultural products, espec-
 ially the price of agricultural machinery, added difficulties
 in getting fixed taxes and higher costs of labor. These
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The downward price trend since 1929 caused the far-
 mer in a desperate financial position. After several years
 prices for agricultural implements, and even some the
 drop in retail prices caused loss for the farmer at
 farm products. The fixed charges on land and equip-

gages however were stated in terms of dollars and became more difficult to meet. As a result he was obliged to operate on a most economical basis to meet these obligations so he cut down on his purchases, let his hired man go, and confined his activities to narrower limits of production.

Massachusetts farmers fortunately did not have their farm values inflated to the extent of farms in other states and this was one favorable factor. Also crops were not too highly specialized here, and if one crop failed or was produced in too large a quantity to bring a good profit, some other crop he also had grown would suffice to mitigate the loss on the first one. Each farmer raised somewhat of a variety, thus serving to sustain his family for many months without the necessity of using funds to purchase food, which was not the case in many other parts of the country.

Being fairly close to centers of large population it has been relatively easy for our farmers and dairymen to dispose of their \$100,000,000^x crop at a fair profit. They could meet Western and Northern competition effectively because of nearness to markets and lower transportation costs.

The Massachusetts farmer has found interest on mortgages and taxes most troublesome factors during these last few years. The Department of Agriculture reports that in the year ending March 1, 1932 more than 13

farms in 1,000 were sold for taxes and about 26 in 1,000
 were sold as a result of mortgage foreclosure. Due to
 frugal living and careful economical planning and organ-
 ization he has not felt this depression so severely as
 the Westerner. There seems to be no doubt that our Mass-
 achusetts farmer will emerge from this depression at
 least relatively successful. The National government
 was not obliged to loan New England farmers as much as
 Southern and Western growers which seems to indicate our
 favorable position.

Farmers have suffered enough in this state, but it
 appears that industry has suffered even worse. It is
 estimated ~~the~~ ^{XX} Division of Farm Population and Rural Life
 of the Department of Agriculture that between 1920 and 1930
 there were 8,500,000 persons who left the city for the
 farms. There are hundreds of good farms offered for sale
 there. The Massachusetts Department of Agriculture made
 a survey ~~in~~ ^{XXX} in November 1932 and found 160 farms for sale
 within 12 miles of Brockton. They were from one and one-
 half acres to 15 acres and the prices were from \$3,000
 to \$15,000. In the vicinity of Fall River the cheapest
 farms up for sale were five farms at \$10,000 each. Within
 10 miles of Fitchburg there are over 60 farms which could
 be bought at about \$5,000, although they are assessed
 somewhat higher.

* John Bantry in "Boston Post" Jan 22, 1933 Page 1

XX "Our Economic Life" Fed. Council of Churches of Christ P.52

XXX Ibid. "Boston Post"

Around Lowell there were about 57 farms for sale, and around Worcester there were about 700 small and 280 large farms for sale. These are all valued from about \$4,000 to \$7,500. This seems to indicate these farm owners have had enough of discouraging years.

We have told something of conditions in Massachusetts and it would be fair to conclude that these could not have been an important national cause of our depression. The real farm prostrations occurred in the great Central and South Western States.

During the years just after the war we were supplying the world with wheat and meat. Our farmers were intoxicated with prosperity and expansion of farm lands, with increased production, followed. New farm machinery helped increase production. Prices on farm lands went sky-ward and the purchaser saddled himself with debts which he anticipated he could pay off in a few years.

Russia however again began competing with the United States producers. Prices dropped tremendously and the profits in wheat were turned into losses caused by a great over supply, especially in the United States. The entire world increased its production more than the importing countries could consume with the inevitable result of adversely affecting the former world producers, and especially the farmers in the United States.

* Ibid. Previous page

Here is where the trouble came. In the United States the ratio between the prices of what the farmer sold, and the prices of what he bought, was constantly decreasing and during 1932 it was only about one-half of the 1910-1914 scale. In other words with each agricultural unit produced the farmer could buy only about one-half as much non-agricultural merchandise as before the war. This cut the farmers' purchasing power tremendously. When one considers that most of our gainfully employed population are in agricultural pursuits the importance of this is more apparent.

This drop in purchasing power could not fail to decrease the demand for manufactured goods of all kinds. As a result factory employment dropped to the lowest levels for all time. The factory workers ceased to purchase as much farm products due to their reduced income and depression set in with its vicious circle functioning perfectly.

At this writing President Roosevelt's Domestic Allotment Plan is being tried which is expected to give farmers more money to increase their purchasing power. It taxes food, cotton goods, tobacco, and other farm products and limits production of these things to keep prices up. It is a really great attempt to end the depression by returning the farmer's lost purchasing power. The

following indicate how the market must jump to meet the pre-war level.

EXCHANGE QUOTATIONS

	<u>1909-1914 Prices</u>	<u>March 17, 1933</u>
WHEAT	.76-.89 a bushel	.55 a bushel
CORN	.48-.69 a bushel	.26 a bushel
COTTON	.09-.14 a pound	.0679 a pound
CATTLE	\$6.35-\$8.65 per cwt.	\$4.75-\$5.25 per cwt.
HOGS	\$7.35-\$8.90 per cwt.	\$4.15 per cwt.

The Domestic Allotment Plan deserves the trial it is getting to bring back prosperity to the farmer and restore his purchasing power. The plan did not get the support of the Massachusetts representatives, except Cownery, Democrat who voted for it. Fourteen of them voted against it because, "It would seriously hurt consumers in industrial centers", said Representative Treadway, Rep. Representative Rogers voted against it because it "will create real suffering and will send the price of food and clothing upward."

There is no doubt that this experiment will cost American consumers millions of dollars, but if it ends the depression in the United States it is worth all we expect to spend on the plan.

IMMIGRATION AND POPULATION CHANGES

There is a very definite relationship between population and depression. Our laborers are all a part of our population, so in any study of depression and its effect on laborers, population is an important factor.

Too many of those in our large population are anxious to work, but their services cannot all be profitably utilized. Those who do work are usually quite contented with a low wage scale, purchasing power is reduced, and another phase of the depression is encountered.

Our supply of unskilled labor is largely of foreign birth or extraction. Due to American prosperity during the last decades, and our free immigration laws before the world war, this country was flooded with immigrants. From 1860 to 1920 about 28,500,000 entered the United States legally. It is estimated that approximately 150,000 annually enter illegally now over our frontiers.

Average annual net immigration into the United States.

<u>Period</u>	<u>Annual Average</u>
1908 to 1914	663,000
1915 to 1920	113,000
1921 to 1924	435,000
1925 to 1929	226,000
1930	191,000

Too many arrived for our economic good or social improvement as we now know. We have found them expensive in the long run as many immigrants were undesirable because of mental, moral, or physical weakness, and in many cases became public charges.

Only the lower classes from Europe settled in America it appears, while the land owning wealthier class stayed in their own country. These immigrants of the lower class were the unskilled cheap labor type

* Population Trends in the United States Thompson & Whelpton P.29
** Economic Stabilization in an Unbalanced World P.244

brought her in many cases by enterprising steamship companies who had imbued them with tales of our great riches and prosperity. Our manufacturers, always anxious to obtain more cheap labor, encouraged this movement. All producers, also anxious for new outlets for goods, and for expansion of the markets, were among those who were anxious to have large immigration. The immigrant was easily encouraged as immigration naturally tends to flow towards the country with the highest income level.

Such free immigration eventually brought protests from many sources. American patriots claimed that the "melting pot" was not effective and speedy enough to assimilate the many nationalities migrating to our shores, and the American Federation of Labor advocated immigration control. The large supply of cheap, unskilled, non-union labor, was at all times a threat to the strength of unionism. The unskilled, cheap laborer from Southern Europe was content to work far below union wages and would tolerate worse conditions without attempting an organized protest. Thus they were directly in competition with a higher standard and tended to lower that standard to a bare subsistence level. It is estimated by ^{*}Hanson, that from 1913 to 1928 the real wages of the unskilled workers rose about 17% while skilled labor received about 35% increase. If large immigration had persisted at about a million a year as before the war it is doubtful if either class would have been able to gain.

* "Economic Stabilization in an Unbalanced World"
A. Hanson Page 249

Of late years manufacturers have been obliged to admit that cheap labor is in the long run the more expensive labor, and now skilled intelligent men usually not of foreign birth, are engaged and trusted to operate expensive machines. Unskilled hand labor is being replaced with skilled labor at machine operation.

It is unfortunate that those who are least able to support large families are blessed with them. Our poor uneducated immigrant has a larger family than the native born well-to-do American. The fecundity of the foreign born woman breeds a lower class of child, especially the Mexicans, Portuguese and Filipinos. This has several effects on our economic life. It changes the stock of the people in the United States and lowers our economic, social, and political standards. The increase in our immigration stock, and decrease of native stock will be indicated in the following table:

DIVISIONS OF ORIGINS OF UNITED STATES POPULATION

Figures based on United States census of 1920 **

<u>Year</u>	<u>Original Native Stock</u>	<u>Immigrant Stock</u>
1890	55.23	44.77
1900	51.30	48.70
1910	47.19	52.80
1920	43.54	56.45

If we ever expect to attain any degree of homogeneity and preserve national characteristics, such a trend must be stopped. Our more recent immigration legislation is a vigorous effort in this direction. The National Gov-

ernment realized the depressing influence of the Chinese in 1882, and excluded them. Other legislation of 1891-1893 and 1907 and the literacy test since 1917 helped the United States from being over-run. During the war our immigration dropped off greatly, demonstrating that we did not need immigration and that we would probably be better off with less in the future. In May 1921 up to May 1924 only 3% of any nationals based upon our 1910 census could enter the country. An immigration act in 1924 superceded by the National Origins clause in July 1930 completes our legislative acts to exclude the foreigner. Only 150,000 per year are now to be admitted based upon the population here in 1890. This act excluded those from Southern and Eastern Europe as there were few here up to 1890.

This legislation has been a wonderful thing to decrease the burden of depression. Undoubtedly we would have experienced much worse conditions, and our poor would have had to endure worse hardships if our immigration had been allowed to continue at about a million a year. During the fiscal year ended June 30, 1932 only 35,576 permanent immigrants were admitted and 103,295 alien residents left the United States. Emigration exceeded immigration by 67,719 for the first time in American History.

Another factor causing the depression has been the destruction of dwellings that place. This is true of

* "Economic Stabilization in an Unbalanced World"
A. Hanson pp. 243 - 246

** "Forbes" Magazine for September 1932 P. 21 (Second half of month issue)

...in 1951, and ended then. When legislation of 1951-1952 and 1957 and the literacy test since 1957 passed the United States from being over-run. During the war and immigration dropped off greatly, and we did not need immigration and that we would gradually be better off with less in the future. In May 1951 of 1951 only 25 of our nationals tested over 1950 census could enter the country. An immigration act in 1954 superseded by the National Defense Act in July 1955 completed our legislative work to exclude the foreigners. Only 150,000 per year are now to be admitted based upon the population here in 1950. This act included those from Eastern and Western Europe as there were few here up to 1950.

This legislation has been a watershed since it created the pattern of admission. Immigration is still have experienced much more restriction, and the year have had to reduce worse because of our immigration had been allowed to remain at about a million a year. During the fiscal year ended June 30, 1955 only 25,000 permanent immigrants were admitted and 100,000 alien residents left the United States. Immigration was restricted by 87,715 for the first time in American history.

Another factor limiting the immigration has been the

* Economic legislation in the United States
* Immigration Act of 1952
* "Foreigners" during the 1950s
* of world war

change from rural to city life. For the United States the rural population changed according to the 1920 census from 51.4 to 48.96 per cent. Thus most of our population now reside in cities or towns not of a rural character. Large families in the country are an asset, but in the city are considered detrimental to the family's economic progress. With an increase in the city population which produces goods, and a decrease in the rural population hard times result in the producing center and depression results. As long as American people lived in rural communities they were in a measure better able to satisfy themselves respectably, but in urban life they depended upon others to employ them. At the slightest sign of business reverses their employer promptly discharges them.

Another phase of the population angle of depression is the decrease in the rate of our population increase. Our capital system has been built to provide for the large annual increases in population, caused by births and immigration. Our immigration has been restricted to 150,000 per year and our birth rate is showing a downward trend. If we have less immigration and births, whole sets of capital goods which each of these persons would have used, and which our industries have been built to provide for, will never be consumed. Less furniture, household goods, and utensils, were manufactured and less construction of dwellings took place. This is true of

our present situation. The slowing down of population increases and the change in the age distribution are important economic factors causing the depression. We are gradually reaching a point of population stability.

Dr. O. E. Baker, United States Department of Agriculture economist said in a press dispatch on February 15, 1933, that we may expect to reach 150,000,000 population by 1960, and beginning in 1970 would decline, due to the factors we have just been discussing; downward trend in birth rate, and immigration restrictions.

at present. The above is a summary of the
information and the data in the above table are
important to the study of the disease. It is
not possible to make a point of no return.

Dr. G. H. Baker, United States Department of
Agriculture, estimated that in a given district of Texas
there is, 1933, that we are, about 100,000, 1933
population of 1930 and beginning in 1930. This is
due to the fact that we have just been discussing Texas
were found in 1933, and the population of Texas.

DEPRESSION CAUSES ARISING FROM CHANGING BUSINESS METHODSRAPID TECHNOLOGICAL CHANGES

Since the advent of our Machine Age, men have been striving to increase production with no increase in labor costs, as this would mean a decrease in cost per unit. To make this a reality new machines would be necessary, so inventors were encouraged to bend their efforts in the direction of labor saving machinery. More than a hundred years ago, terrorist bands in England took action against entrepreneurs who used machines not provided for in the "Statutes of Queen Elizabeth." These enraged groups systematically destroyed mechanical looms which were displacing hand labor. Despite such uprisings and protests the value of labor saving machines gradually became recognized and generally used. Their eventual success is only too well known, being so successful that it became a major cause of the 1929-1933 depression.

Machines were invented which were automatic, therefore displacing much labor. Let us look at only four examples:

(1) A new machine will turn out several thousand electric light bulbs every hour. It can be operated by one man to take care of its every function. By former methods, one man could turn out about 150 to 200 bulbs in an entire working day.

(2) The Buick Automobile Company has had great techno-

THE FUTURE OF THE AUTOMOBILE INDUSTRY

Since the advent of our Machine Age, we have been striving to increase production with no increase in labor costs, as this would mean a decrease in cost per unit. To make this a reality, new machines would be necessary, as inventors were encouraged to bend their efforts in the direction of labor saving machinery. More than a hundred years ago, cottonist bands in England took action against entrepreneurs who used machines not provided for in the "Statute of Cotton Millwork". These enacted laws systematically destroyed mechanical looms which were displacing hand labor. Despite such uprisings and protests the value of labor saving machines gradually became recognized and generally used. Their eventual success is only too well known, being so successful that it became a major cause of the 1929-1933 depression.

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- (2) The Buick Automobile Company has had great success

logical improvements. In automobile manufacturing it took 1,291 man-hours to produce one automobile in 1904 and in 1929 it required but 92 man-hours per automobile. Four million more automobiles were made in 1929 than in 1919, with 84,940,000 fewer man-hours.

(3) An electric-lamp plant can produce 650,000 lamps per machine per day. This represents an increase per man of 10,000 times more than was manufactured by the previous method.

(4) A Marion electric shovel will handle 30,000 cubic yards of earth in twenty-four hours and do as much as 15,000 laborers could accomplish in a ten hour day.

✱

The above citations bring us to the realization that the greatest evil of our labor saving machinery is the "technological unemployment" it creates. Statistics prove to us that over a long period machines do not displace workers, but the figures are of slight consolation to the worker who is displaced by labor saving machinery, and cannot find another job. During a period of technological change the worker is temporarily displaced in the transition. Unfortunately the great burden of unemployment is carried by the worker until such time as he can be reabsorbed in industry. During any period of depression the difficulty of securing another position is

✱ "The A. B. C. of Technocracy" Frank Arkbright PP. 35-41-43

often increased ten fold or more.

Some of our local authorities believe that technological improvements are of great benefit to our people. Dr. Karl T. Compton, President of the Massachusetts Institute of Technology was quoted by the Boston Traveler on December 20, 1932 as saying, "Machines are the Genii which spring from Aladdin's lamp of science to supply every need and desire of man". Dr. Compton, however, admits that there is technological unemployment, but thus far...."such unemployment appears as a maladjustment in transitions rather than a progressive tendency." This temporary maladjustment often covers a period of months and even years before the displaced worker can find suitable employment.

Dr. Compton gives three reasons in defence of the machine, viz:

- (1) The results of the machine have been preponderantly beneficial, and consist essentially in the creation of opportunity.
- (2) The development of machines is an inevitable result of man's inherent urge for progress, whose satisfaction is an important element in his happiness.
- (3) If civilization is destroyed the blame will rest on man's stupidity and "cussedness" and not upon the machines which he has created.

The above is a summary of what all who defend the labor saving machine believe and is given here only to present one side of the controversy.

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Some of our most authoritative writers have
collected and presented the case of great benefit to our people.
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Dr. Dugald C. Jackson, head of the Department of Electrical Engineering at the Massachusetts Institute of Technology believes that invention and machinery have added immeasurably to human comfort and happiness. He says, "The machine age has bettered the general character and stability of employment, although it has undoubtedly worked many hardships".

The preceeding statements although strongly in defence of technological improvements, admit that certain inherent difficulties must be overcome before inventions can be looked upon as being entirely beneficial to workers. The fault lies in our social arrangement as well as in our ability to successfully arrange to share the work, and the great leisure created by technological improvements.

OVERPRODUCTION

Economists tell us that there is no overproduction now in the sense of excess beyond the possibility of use. This is true, but there is a further implication in another meaning of overproduction. It is the production of more articles than can be sold at a profit. It is the latter meaning which has caused our trouble, and is another one of the causes of the depression.

During the last few decades almost all of the attention of manufacturers seems to have been directed towards reducing the cost per unit on products by mass production

methods and technological changes and improvements. They have been very successful. Both the distribution of the manufactured commodities and the development of the consumer market have been almost entirely neglected. Manufacturers built large production equipment without attending to the development of consumption of their products, but this system could not continue permanently. Output should have been systematically restricted, but of course manufacturers were unwilling to deliberately curtail production and sacrifice the opportunity for profits. Whenever possible plants were operated at capacity to obtain lower unit costs.

Curiously enough manufacturers who suspected there would be a market surplus would often speed up production to secure smaller unit costs by mass production methods in order to undersell competitors and escape a loss. His competitors in turn would be apt to pursue the same policy and tremendous overproduction would result as all the goods could not be sold despite the low selling prices.

In 1931 it was figured that 65.2 men could produce as much as 100 men in 1920. Every year from 1920 to 1931 showed a steadily decreasing number of men required to do the same amount of work. In 1929 the National Bureau of Economic Research in their "Recent Economic Changes in the United States", estimated the productivity per worker. With an index figure, using the year

* American Statistical Association Dec. 1932 p. 387

1899 as 100, the year 1929 saw this figure rise to 153 average.

Their figures to indicate the increase in productivity per man-hour from 1914 to 1925 are:

Industries in first class

Automobiles	210
Rubber Tires	211
Petroleum Refining	77
Cement Manufacture	58
Blast Furnaces	54
Steel and Rolling Mills	60

Industries in Second Class

Flour Milling	39
Slaughtering and Meat Packing	27
Leather Tanning	28
Cane Sugar Refining	27
Paper and Wood Pulp	26
Boots and Shoes	17

It will be noticed that there has been no uniform increase and that the automobile and allied industry seems to have been able to reach a higher point of productivity per worker than any other line.

The National Bureau of Economic Research also finds the five leading factors in increased output are:

- Increased use of power
- Improved machinery
- Mass production
- Personnel management
- Industrial research

Despite the fact that there is a large increase in the output of all lines of industry and manufactures the worker receives only about 17.5% of the total earnings of the output the same as he always did.

* "Recent Economic changes in the U. S." Nat'l Bureau of Econ. Research Vol. 2, P. 97

**Ibid. P. 147

*** Ibid. P. 166

1939 as 100 the year 1929 was 100. The year 1939 was 100.

Their figures for 1939 are 100. The year 1939 was 100.

Industries in 1939

100	Automobiles
100	Rubber tires
100	Electric power
100	Chemical products
100	Steel and rolling mills

Industries in 1939

100	Food and kindred products
100	Textile millinery
100	Leather and leather products
100	Stone, clay and glass products
100	Paper and allied products
100	Other non-durable goods

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Recent Economic Research in the U. S. has shown that the five leading factors in increased output are:

What can be done with the large increases in production? Manufacturers want a profit naturally. When they have too much merchandise and cannot sell it for a profit they cease manufacturing. Unemployment sets in, purchasing power is shut off and depression is thereby encouraged. It is a vicious circle which will stop only when the wheels of industry turn again to supply the demand which is very slow in starting.

During the war large scale production was encouraged by high profits, high prices, and an immediate market. In the cotton textile manufacturing in Massachusetts every mill could sell the output at a good profit and for this reason Massachusetts accelerated the production which later had to be greatly reduced.

Dr. A.D. Whiteside, President of the Wool Institute Inc. gives us some valuable figures on facilities of overproduction in 1929. In the wool weaving division the potential production was \$1,465,000,000 and the consumption was only 37.5% of this. In the wool spinning division the potential production was 232,000,000 pounds and the consumption was but 35.8% of this.

For the shoe industry the Federated American Engineers Society in its study of "Waste in Industry" found the potential capacity of our shoe plants was 1,750,000 pairs of shoes per day and that the average production was only 977,000 pairs. Massachusetts continued to be a great producer of shoes in 1931 and 1932 producing

about 23% of all the shoes in the United States. In 1930 Massachusetts factories made a total of 69,510,470 pairs or nearly 23% of all produced. *

It is unfortunate that overproduction in one line encourages and causes overproduction in another line. When too much cotton is produced the result is overproduction in cotton manufacturing lines. Too much leather means cheap raw materials, and the shoe business is encouraged to overproduce. As a result of such inter-dependence of one industry upon another there has been overproduction in every line of industry including coal, steel, and iron, oil, cotton and cotton goods, woolen goods, rayon, silk, and radios. Industry does not obtain all the necessary data on which to base production, and until it does we shall continue with our unhealthy overproduction.

With the help of machinery the output per man hour increased from an index figure of 100 in 1920 to 1594 in 1931. (1920 = 100) ** When machinery should have given workers more leisure time it did not work out that way. Instead the workers stayed at their machines producing more than ever before per man and per hour of work.

Labor unions gradually have cut down the 72 hour working week of 1840 to the 48 hour week in 1930. In these

* New England Letter. By First Nat'l Bank of Boston 2/25/31
 ** American Statistical Association. Dec. 1932 p. 386

most recent years the workers leisure time is being increased and his producing time is being decreased which is a good thing for all concerned.

Although mass production is one phase of overproduction and is one of the causes of the depression it is here to stay. Mass production really gives us a high standard of living which we wish to maintain. The way out of the depression as far as overproduction is concerned, is to coördinate producing lines after obtaining data as to the approximate consumer market demand. In short we should adjust the supply to meet the demand.

and lack of confidence in the future, which is fatal to prosperity.

ENORMOUS UNEMPLOYMENT

Often it is said that it is difficult to determine whether the depression is a cause of the unemployment or vice versa. It seems generally conceded, however, that the former is nearer the truth, and that without such a severe depression we should not have had the great unemployment, and the subsequent problems it created.

As in many of our economic problems a vicious circle is set up by unemployment. The more unemployment we have at any given moment the more we can expect in the future due to the reduced purchasing power of the consumer market. When less goods are demanded, fewer workers are required to produce them and eventually a tremendous number of workers are unemployed, and hence another cause for depression.

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KNOWLEDGE AND UNDERSTANDING

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There are many ways in which unemployment becomes prevalent. When an industry finds its sales dropping, it immediately reduces both production and selling prices, and when these lower selling prices are marked on goods, wages are reduced, too. Later workers are discharged when it is found that a smaller factory crew can keep up production to meet the decreasing demand. The so-called hand-to-mouth buying then becomes prevalent among wholesalers, retailers, and consumers. Unemployment introduces that element of market uncertainty, and lack of confidence in the future, which is fatal to prosperity.

Storehouses cease to be filled with new goods awaiting orders. Manufacturers produce materials only when they are sure of selling them or already have a signed order in their files and as a result of such methods, worders had to depend upon a vacillating demand to give them unemployment. It was a case of work two days a week and often not at all and for weeks and even months many manufacturing establishments were closed. When a buyer placed his order he usually would specify and insist upon immediate delivery and as a result factories either had rush orders, or no orders. Factory owners would not dare make articles for stock to anticipate sales as in the shoe business where style changes prohibit such a policy. Manufacturers also entertained

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it immediately reduces both production and selling
prices, and when these lower selling prices are passed
on to the consumer, wages are reduced, too. Later workers are
discharged when it is found that a smaller factory size
can keep up production to meet the decreasing demand.
The so-called hand-to-mouth buying then becomes neces-
sary. The result is that the consumer, the retailer, and
employment is reduced. The result is that the consumer,
and lack of confidence in the future, which is fatal to
prosperity.

Unemployment occurs in a factory when the
factory orders. Manufacturers produce materials only when
they are sure of selling them or already have a standing
order in their files and as a result of this method,
workers had to depend upon a standing order to give
them employment. It was a case of work for days a
week and often not at all and for weeks and even months
many manufacturing establishments were closed. When a
buyer placed his order he usually would specify and in-
sist upon immediate delivery and as a result factories
either had cash orders, or no orders. Factory workers
would not have any orders for stock in the warehouse
sales as in the shoe business where the shoes are
made to order. Manufacturers also anticipated

hopes of buying the raw materials later at a lower price in the falling price market.

Such factors had a discouraging effect on the day workers, the group which were least able to withstand hardships. Workers who even in good times were relatively poor, whose incomes were always uncertain, were now subjected to conditions of abject poverty, and virtual physical ruin. The day worker is first to bear the burden of depression when his meagre income is cut off, and he has no reserve built to tide him over the lean years until good times are revived.

*

Bernard London in his book "The New Prosperity", draws an interesting analogy when he writes, "The Producer, i e. the working man, is comparable to the lungs in our body which must get plenty of fresh air. Only through this process can the body function and distribute the necessary strength to every limb. However, if the lungs, like our working men, stop breathing the body can not function no matter how strong the frame is or how much fat, i.e. wealth, the body possesses".

Without attempting to explain the obvious meaning of the above, the truth of the statement is evident. Our nation to be strong must be composed of units of healthy strong well-fed workers, and only employment will give this result. Consumers must have the proper purchasing

hopes of buying for low materials later at a lower
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the above, the truth of the statement is evident. Our
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strong well-fed workers, and only employment will give
this result. Consumers must have the goods necessary

power to buy back prosperity.

Figures to indicate the tremendous unemployment and result of depression in 1930 and 1931 are cited as follows:

<u>CENSUS OF MANUFACTURING</u>		
	1930	Decrease in % over 1929
Total value of products	\$2,676,940,340	21.1
Total value of stock and materials	\$1,333,945,627	20.5
Total value added by manufacturing	\$1,342,994,713	21.7
Average number of wage earners	481,396	13.6
Total paid in wages	\$574,624,139	17.2

Such percentage of decrease in wages, wage earners, and products indicates at once the severity of unemployment and reduced purchasing power. To indicate further the trend toward unemployment, we consult more state figures.

<u>STATE EMPLOYMENT OFFICE FIGURES</u>			
	1930	1931	% of Decrease
Number of positions filled	19,430	14,055	27.7
Number of persons called for by employers	23,228	16,915	27.2

Unemployment conditions became so bad that in July 1931 a resolve was passed by the legislature appropriating \$35,000 for a special commission to collect and publish information as to methods to regularize and stabilize employment. The investigating committee did only what a committee can do. It investigated and made recommendations, but it was not until December 1932 that their

* Annual Report Mass. Dept. of Labor and Industries, Nov. 1931 P. 8.

** Ibid. P.7.

*** Chapt. 64, Resolves of 1931

power to buy more property.
 Figures to indicate the tremendous unemployment and
 result of depression in 1930 and 1931 are listed as follows:

CHART OF MANUFACTURING

Decrease
 in 1931
 over
 1930

1930	1931
Total value of products	\$2,976,940,340
Total value of stock and materials	\$1,335,345,357
Total value added by manufacturing	\$1,641,594,983
Average number of wage earners	481,355
Total paid in wages	\$674,522,130

Such percentage of decrease in wages, wage earners,
 and products indicates at once the severity of unemploy-
 ment and reduced purchasing power. To indicate further
 the trend toward unemployment, we consult more recent fig-
 ures.

STATE EMPLOYMENT OFFICE FIGURES

1930	1931	% of Decrease
Number of positions filled	14,453	14.0%
Number of persons called for by employers	15,528	15.1%

Unemployment conditions became so bad that in July
 1931 a resolve was passed by the legislature appro-
 priating \$50,000 for a special commission to collect and
 publish information as to methods to regulate and sta-
 bilize employment. The investigating committee did not
 what a committee can do. It investigated and made recom-
 mendations, but it was not until December 1931 that

final report was submitted. All during this time conditions caused by unemployment were getting worse all over the state. The Commission on Stabilization of Employment compiled some tremendously valuable figures and statistics, and at a glance they give us the sad story of our great unemployment of Building Tradesmen from September 1927 to September 1932.

The following figures from their report are significant:

MASSACHUSETTS EMPLOYMENT INDEX OF BUILDING TRADESMEN
Average for year 1928=100.

NUMBER EMPLOYED.

DATE	1927	1928	1929	1930	1931	1932
January	-	95.0	70.2	93.3	68.4	44.2
March	-	81.9	73.7	89.3	60.4	38.1
May	105.4	102.5	95.8	91.8	68.5	47.8
July	120.7	107.7	119.4	105.6	70.7	43.9
September	124.9	107.4	124.4	97.4	74.9	40.4
November	124.1	106.0	120.3	94.3	62.5	-
December	114.9	98.3	108.6	85.3	54.9	-
Average	-	100.0	103.0	94.6	66.8	-

There were 357 contractors who reported for December 1930.

We may make a brief comment on the above figures. For every 124 building trades workers employed in September 1927 there were only 40 employed in 1932! Where did the other 84 workers go? They may have been absorbed in other industries, but this is hardly probable in view of similar conditions in all other industries. The fact is the 84 workers most likely were the unem-

ployed, of whom we have heard so much and these are the men who had their source of income cut off, and in turn could spend less, which served to both hasten and aggravate unemployment conditions in the state.

Let us look at another table compiled by the Massachusetts Unemployment Committee. This time we examine ^{*} number of man-hours labor.

MASSACHUSETTS EMPLOYMENT INDEX OF BUILDING TRADESMEN
Average for year 1928=100.

NUMBER OF MAN-HOURS.¹

DATE	1927	1928	1929	1930	1931	1932
January	-	97.8	64.0	89.9	62.4	34.6
March	-	79.8	71.2	90.4	54.6	28.4
May	113.2	104.1	97.8	92.9	61.7	39.9
July	125.0	108.9	122.4	105.0	67.0	35.3
September	129.8	111.1	129.0	98.5	67.1	33.4
October	120.6	107.5	123.2	86.9	54.6	-
November	125.8	102.1	116.2	85.2	54.2	-
December	110.6	94.6	105.9	80.7	45.9	-
Average	-	100.0	102.4	92.7	59.5	-

1. This index represents the total number of hours worked by all persons engaged in building trades, expressed as a per cent of the average number of hours worked in 1928. (Man-hours may be illustrated thus: If a contractor employed each of 10 men for 20 eight-hour days in a given month, the number of man-hours reported by him for that month should be 10 times 8 times 20, or 1,600 man-hours.)

Taking the same month of September 1927 to compare with September 1932, we find a drop in man-hours labor from 129.8 to 33.4. These figures need no further comment to indicate the seriousness of unemployment in the building trades alone.

played, it seems as if we had been as much as the
 men who had their share of the work, and in turn
 could spend time, which served to keep them and at-
 tention unemployed conditions in the state.
 but as lack of another factor supplied by the state-
 character unemployment conditions. This time we require
 number of man-hours labor.

MASSACHUSETTS REPORTS OF UNEMPLOYMENT
 Average for year 1937

TABLE OF MAN-HOURS

DATE	1937	1938	1939	1940	1941	1942
January	100.0	100.0	100.0	100.0	100.0	100.0
February	100.0	100.0	100.0	100.0	100.0	100.0
March	100.0	100.0	100.0	100.0	100.0	100.0
April	100.0	100.0	100.0	100.0	100.0	100.0
May	100.0	100.0	100.0	100.0	100.0	100.0
June	100.0	100.0	100.0	100.0	100.0	100.0
July	100.0	100.0	100.0	100.0	100.0	100.0
August	100.0	100.0	100.0	100.0	100.0	100.0
September	100.0	100.0	100.0	100.0	100.0	100.0
October	100.0	100.0	100.0	100.0	100.0	100.0
November	100.0	100.0	100.0	100.0	100.0	100.0
December	100.0	100.0	100.0	100.0	100.0	100.0
Average	100.0	100.0	100.0	100.0	100.0	100.0

1. This index represents the total number of hours
 worked by all persons engaged in similar trades, ex-
 pressed as a percentage of the average number of hours
 worked in 1937. (Note: It may be illustrated that
 if a worker employed each of 10 men for 10 days
 but days in a given month, the number of man-hours
 reported by him for that month would be 10 times 2
 times 10, or 1,000 man-hours.)

Using the same method of comparison 1937 as com-
 pare with September 1937, we find a drop in man-hours
 labor from 100.0 to 95.4. These figures need no fur-
 ther comment to indicate the seriousness of unemploy-
 ment in the building trades alone.

For Massachusetts manufacturing Industries we have
 some significant totals in the following statistics:

HIGHS AND LOWS OF THE AVERAGE NUMBER OF WAGE EARNERS
 EMPLOYED IN MASSACHUSETTS MANUFACTURING INDUSTRIES, 1920-32.
 (Based on data compiled by the Massachusetts Department of
 Labor and Industries.)

DATE	Number employed	CHANGE	
		Number	Per Cent
High, January, 1920	757,100	-	-
Low, January, 1921	531,500	-225,600	-29.8
High, March, 1923	693,700	✓162,200	✓30.5
Low, July, 1924	534,100	-159,600	-23.0
High, March, 1926	623,700	✓89,600	✓16.7
Low, July, 1928	509,700	-114,000	-18.3
High, September, 1929	572,900	✓63,200	✓12.4
Low, June, 1932	296,500	-276,400	-48.2

It may be pointed out in one sentence that in June 1932 there were 213,000 fewer manufacturing employees than in July 1928. In every table is evidence clearly showing what great state wide unemployment prevails. This great unemployment serves to accentuate the hardships and suffering already endured by those unemployed during previous weeks, and proportionately decreases the chances for all to again become re-employed soon.

There has been a tremendous decrease in the average number of workers employed in Massachusetts manufacturing establishments as the following figures show:

*House Bill #1200 P. 85

** Annual Report 1931, Dept. of Labor and Industries P.65

YEAR	AVERAGE NUMBER EMPLOYED IN MANUFACTURING	INDEX NUMBER 1913 = 100
1929	557,198	90.3
1930	481,449	78
1931	412,602	66.9

Thus it will be seen from the above discussion that we had had enormous unprecedented unemployment in Massachusetts and it might be predicted now, that it will be many years before we get back to pre-depression levels. There are no figures either for the state of Massachusetts or for the United States as a whole to indicate the exact number of unemployed. The State of Massachusetts does not claim to keep an exact record of unemployment, but there are tens of thousands of them undoubtedly.

TREND TOWARD BIGGER BUSINESS

In our capitalistic form of business enterprise, the trend towards bigger business units has been developing for the last fifty years. Business owners early found the tremendous profits and economies which could be derived from large scale operations. However, when carried to extremes the interests of the common people suffer. It in turn displaces labor and these workers find difficulty being reabsorbed into industry. Profits derived from large scale production are usually reinvested, and eventually the limit is reached. Being profitable, surplus funds are invested in large scale enterprises where mass production methods are encouraged, until at last a great surplus is produced

YEAR	REVENUE FROM BUSINESS ENTERPRISES	NUMBER OF BUSINESSES
1929	257,100	10,200
1930	421,440	12,500
1931	611,900	14,800

Thus it will be seen from the above statement that we had enormous unmet needs in Massachusetts and it might be predicted now, that it will be many years before we get back to pre-war levels. There are no figures either for the State of Massachusetts or for the United States as a whole to indicate the exact number of unemployed. The State of Massachusetts does not claim to keep an exact record of unemployment, but there are some of thousands of them undoubtedly.

THE TRENDS OF BUSINESS

In our capitalistic form of business enterprise, the trend towards larger business units has been developing for the last fifty years. Business owners early found the tremendous profits and economies which could be derived from large scale operations. However, when carried to extremes the interests of the common people suffer. It is true that labor and these workers find difficulty being reabsorbed into industry. Profits derived from large scale production are usually reinvested, and eventually the limit is reached. Being profitable, surplus funds are invested in large scale enterprises whose mass production methods are encouraged, until at last a great surplus is produced.

which cannot be sold at a profit. The system of production is then slowed up, and workers are temporarily unemployed as a direct result of investments in big business and a depression is in progress.

There is no doubt of the advisability of encouraging large scale production from the point of view of profit for the investor and owners. Advantages such as mass purchasing power, mass production, advertising, and mass distribution are so well known we will not now discuss them. It is the result of these economies which cause business to seek a new level of production and price from time to time with resulting depression during the period of transition and adjustment.

It is said that about four-fifths of all our manufacturing is done by corporations. ^{*} It was shown in Moody's Manual for 1928 that 200 corporations controlled ^{**} about 34% of the business wealth of the country. Such close concentration cannot be good for a country which has grown with its population working in the small firms of the country until recently.

With the advent of large corporations the small business does not stand a chance of price competition which is always a tremendous buying motive. Sears Roebuck Company can always under-sell a local rural store,

* "Facing the Facts" Edited by J. G. Smith P. 124

** Ibid. P. 125

which cannot be... The... of...
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of the country until recently.
With the advent of large corporations the small
business does not stand a chance of...
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back company can always under-sell a local firm...

and its tremendous growth in the last decade must have taken millions of dollars from local store keepers, and caused many store owners to dispense with the services of one or more clerks.

In the retail end of distribution the chain stores have raised havoc. One may go to any part of the city and find many vacant stores, the owners having been driven out of business because the chain stores undersold them. The Great Atlantic and Pacific Tea Company can sell cigarettes at the same price for which a small retail confectioner buys them on a cash and carry basis! Baking companies deliver their products cheaper than a local baker can sell them. F. W. Woolworth Company and S. S. Kresge Company sell almost anything on which they can make a profit such as neckties, women's handkerchiefs, candy, delicatessen foods etc., all at an extremely low price, due to mass purchasing power. Such sales are made at the expense of the neighborhood stores and eventually the latter are forced to close out of business.

The chain stores always insist on paying low rents, and small wages to their store help. Employees were obliged to work long hours before N. R. A. codes were signed. Small retail chain store managers are held responsible for every article tendered them to sell.

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stores have raised their prices to the point
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stores underpaid them. The Great American and British
The Company and sell of goods at the same price for
which a retail storekeeper pays them at a profit
and heavy losses. Retail storekeepers deliver goods at
such a price that a retail store can sell them at a
profit. The Great American and British
anything on which they can make a profit such as heavy
loss, women's handkerchiefs, candy, toilet soap, tooth
brushes, etc., all at an extremely low price. The result of
cheap goods. Such sales are made at the expense of
the neighborhood stores and eventually the latter are
forced to close out of business.
The cheap stores always insist on paying low prices
and small wages to their store help. Employees were
obliged to work long hours for a few cents an hour
and were not allowed to leave the store until they were
dismissed. Retail storekeepers are held
responsible for every article sold in their stores.

By these methods the chain store organization assures itself of low rent, small salaries, and guarantee of no loss on merchandise. They are profitable, but from some points of view, only at the expense of the community growth and prosperity.

All of these things are done for a small margin of profit. There is no doubt of the efficiency of operation of these enterprises. The fact is, they are so efficient, that no other type of store can successfully compete with them. They have virtually a monopoly in the districts in which they operate. As a direct result the community stores are gradually vacated and depression through loss of purchasing power in the community begins.

The profits which formerly went to many business operators are now received by only a few capitalists, who re-invest the money again, with expectations of receiving more profit. This process continues until the business grows tremendously far beyond the optimum size. Competition between rival firms is stopped by forming mergers, consolidations, pools, trust holding companies, or trade associations. Although many of these arrangements are distinctly contrary to law, the practise is continued. It is estimated by Professor Frank Feller of Princeton University that at least 8,000 separate corporations in manufacturing and mining were absorbed by the merger process from 1917 to 1929. Former Ambassador to Germany

Mr. Gerard, declared in 1930 that some industrial and financial leaders rule the United States and these were not public officials elected by the people.

The large scale industry operates first to reduce prices, but once a clear field for a monopoly is open to them, prices are apt to rise. Merging competing companies in a field increases their power to set even higher prices. The New England Telephone and Telegraph Company's policy was to loan a "French Type" telephone for 25¢ extra per month to subscribers. For several years they held to this price until a protest was registered in April 1932, and the rental fee was reduced to 15¢. Under competition such a fee certainly never would have been charged in the first place. Big business often curtails the output with the object of getting a higher price based on the law of supply and demand as the less they produce the greater the profit per unit. This of course is uneconomical for the common good and goes unapproved. Frequently the government is obliged to legislate against such activities and prevent trade agreements and monopolies in restraint of trade. Incidentally, however, the N.R.A. act approves of large scale production provided no monopoly privileges are abused.

Big business has a tendency to spread like an octopus wherever additional profits may be earned. The

General Motors Corporation is a notable example of an operating company spreading into many allied lines. From their report they operate companies manufacturing automobiles, automobile bodies, spark plugs, bearings, radiators, springs, Frigidaires, Delco Light products, 16 overseas automobile companies, and many miscellaneous groups. They present such a formidable power in the market that all the advantages of large scale business seem to appear. Despite the fact that big business appears to operate at an economic profit this is not always true. It has been repeatedly testified under oath, according to Professor F. A. Feller of Princeton, that smaller independent competitors of the United States Steel Corporation were technically as efficient as their giant rival with its 200 or more separate plants. Professor Feller alleges that several studies have been made which point to the unexpected conclusion that there is higher efficiency in single plants than in many plants after a merger. The large merger evidently becomes unwieldy, and it's efficiency is lost.

It is said that large plant owners often stifle the adaption of new inventions, and suppress patents because these will require a change in the old machinery if put into operation. Some of the greatest improvements in manufacturing have come from smaller plants

which have less to lose and more to gain by a change in productive apparatus. On the whole the corporation has had an unhealthy growth towards bigger combinations, and this concentration of industrial power has in a measure been responsible for our economic and financial depression.

OVER EXPANSION OF CREDIT

In common business circles the term credit means getting something now and paying for it later. It is really borrowing now and paying later and these borrowings may be either commodities, stocks and bonds, real estate, or money, according to the particular agreement. Under ordinary circumstances commercial credit makes it possible for business men to obtain funds for immediate needs. Thus he can proceed in his business dealings, and in addition, any surplus funds may be put into productive capacity.

It is the abuse of this commercial credit which caused the stock market debacle of 1929 which was the opening gun of our depression. The great abuse came when the rising value of stocks encouraged business men to use commercial bank credit in the speculative securities market. Business men borrowed on short time commercial loans to get possession of the necessary funds with which to obtain stocks and bonds, which were rapidly

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rising in value during the middle of 1929.

Men and women in every city and town in Massachusetts were investing in stock market securities and much of this money invested came from commercial credit loans. The higher the stock prices rose the more money somebody made. Everyone became anxious to profit by the next rise in prices so both brokers and speculators proceeded to borrow heavily from banks in order to buy securities. It is estimated that loans to brokers rose from 781 million dollars in 1919 to $6\frac{1}{2}$ billions in 1929^{*}. In contrast to this we might mention here that brokers loans declined to two billion dollars in 1930 and were only 335 millions up to July in 1932^{xx}. When the sudden decline in loans to brokers occurred along with a great drop in market security values the distressed speculators borrowed or withdrew savings from the banks to cover the additional margins demanded by the broker, putting a heavy strain on all concerned. Thus the banks, brokers, and speculators were all in position to lose when the bottom dropped out of the market.

In this way the extensive use of commercial bank credit proved to be a distinct trouble maker to our credit structure. It is estimated that in October 1929, about 13% of the nation's bank credit was in the form of loans to brokers, a large proportion of which was invested in speculative securities. Banks which were

* "Facing the Facts" Edited by J. G. Smith P. 153

xx Ibid.

xxx Ibid.

really supposed to be liquid were not. They were weakened by too many non-liquid assets passed on to them as collateral for loans. Bank credit is supposed to be "self-liquidating" and when properly used it is and under conditions up to 1929 brokers loans to be used in the speculative market were considered liquid, because the New York banks have always assumed responsibility for the market. Really however, these loans to brokers never should have been shown as liquid because they gave a false impression of a bank's financial condition. The banks' reserve position and the position of the entire commercial banking structure was jeopardized by these speculative values.

The Federal Reserve system in recent years has the same position the New York banks took in regard to brokers' loans. The New York banks could thus borrow on eligible paper from the Federal Reserve Bank of New York. It is almost amusing to note that the Federal Reserve system which was designed with an eye toward preventing stock market speculation has indirectly encouraged the practice by making it easy for New York bankers to shift the burden of carrying the speculative securities market to the Federal Reserve system.

It became comparatively easy therefore to obtain bank credit and just before the October stock market crash there were so many thousands of bank loans granted

that the crash was inevitable. It is fundamental that by relaxing credit and using reserves at their disposal banks can start a period of inflation and this is apparently what occurred here in 1929.

The Banking Act of 1933 has eliminated some of the above evils as member banks have new limits which they are not permitted to exceed in financing speculative transactions. The act increases the power of the Federal Reserve Board over member banks, and authorizes the Board to withhold Reserve Bank Credit if too much of the banks funds are in the speculative market. The Board will fix a percentage of a member banks capital and surplus which may be represented by loans on market securities. If the member bank does not heed official warnings all loans from the Federal Reserve Bank become immediately due and payable. The Board may under the Banking Act of 1933 even remove officers and directors of member banks.

Another over extension and relaxing of credit came when by our banking system or reserves we were enabled to pyramid great credit upon the gold dollar base. Based upon the gold dollar and the knowledge that depositors do not all call for money on deposit at the same time our banks are permitted to grant credit beyond the actual funds they have available at any one time. Banks take a customer's collateral or commercial paper and

rediscount this at the Federal Reserve banks and secure more funds with which to grant more credit on commercial loans. Thus it appears that credit is used to make more credit and the structure takes on the form of an inverted pyramid with the gold dollar as the base. This was the practice to buy and sell goods without money--a truly great device of our age. There was greater prosperity and more business prosperity just before 1929 than there has been since, but since the depression there has been more hardship and suffering. Paradoxical enough there was actually less money in circulation (outside of the Treasury and Reserve banks) from 1925 to 1929 than there has been at any time since. Tremendous credit expansion in the prosperous years explain this condition. The vast credit structure explained above was not a solid one as too many other forces reacted upon it and the whole structure crumbled. Banks then reversed their former liberal policy and were reluctant to make loans. Money was tight and high rates on borrowing prevailed for some time.

Our system of reserves is theoretically good but when the privilege of re-discounting is abused the entire system of bank credit suffers. Our credit system is very closely interrelated and a rupture of one part affects the whole and may have disastrous and far reaching results. For example if farmers have any

misfortune with their crops they cannot pay the retailer from whom they have received credit, and the retailer will not be able to pay the wholesaler, and the latter in turn will not be able to meet his obligations to the manufacturer cannot pay the bank. The troubles of one may later become the troubles of all in the entire credit circle. This is a weakness of the credit system and at the same time its great feature for, without credit we could never have attained our great commercial importance and manufacturing eminence. In the future our state credit policy will be we hope more wisely controlled by the Banking Act of 1933 which is designed, among other things, to inject more stability into bank credit.

INSTALMENT SELLING

Instalment selling is another cause of the depression as it creates a false market, overstimulates business, makes a top-heavy credit structure, and encourages people to live beyond their means. This situation continues until business reaches a high point of inflation and more goods are offered for sale, than can be sold at a profit. The consumer market has then prematurely reached its saturation point and stagnation and depression result.

During the years immediately preceeding the depression, instalment selling had reached tremendous pro-

portions. The great success of automobile instalment selling encouraged a spread to many other articles such as radios, washing machines, vacuum cleaners, mechanical refrigerators, books and clothing. It will be noticed that all of these commodities might be classified as luxuries and durable goods, demanded by people with a high standard of living. To encourage the purchase of them manufacturers resorted to instalment selling to encourage the buyer.

The tremendous volume of instalment selling has been studied separately by Professor P. H. Nystrom, Lawrence B. Mass, and Nilan V. Ayers and others. Although they all arrive at different figures, they find in general that in 1925 the instalment selling amounted to about $4\frac{1}{2}$ billion dollars out of total retail sales in all lines of about 38 billions. This figure of $4\frac{1}{2}$ billion was increased during the succeeding years before the depression.

The trend in retail selling the last fifty years has been definitely toward instalment selling. It served a useful purpose of placing goods into the hands of consumers as fractional payments were easier for most people to make and consumers bought commodities which they otherwise would probably never have purchased. These articles are paid for out of incomes, and to a sincere honest person instalment buying is a good thing as it enables one to use the article while paying for it. Professor

Horace Secrist in a study of retail clothing sales found that instalment selling does tend to definitely increase sales. People will buy more clothing on the time payment plan than when they are obliged to pay cash in full. Instalment selling cuts down the length of time between earning the money and enjoying the use of the goods purchased.

The big cities seem to go into instalment selling to a larger extent than those of smaller size. Small rural towns however, also do a large percentage of time payment business because they must wait for the farmer to market his crops. These types therefore, feel a depression period the worst. In Massachusetts where we have a large number of big cities, instalment selling has had a strong hold and is common. The big retail stores of the city grant more credit sales and instalment buying privileges than small stores. Big stores are content with a small profit per unit on big turnover.

Instalment selling up to a few years before the depression was working satisfactorily in such lines as pianos, sewing machines, and furniture. Then with the great success of automobile instalment selling, dozens of other lines began extensive campaigns. The "easy payment" plans were too much for the public to resist and a period of business inflation started. Business

was stimulated by over-optimistic producers who had no certainty as to the stability of the consumer market. Consumers were encouraged to purchase and pay later, which is another way of speculating in future prices. In the radio business when prices fell heavily many wished they had not bought on the future payment plan and they would have saved money. Aside from a loss from a possible drop in prices, the consumer loses because he pays more for the product sold on time payments than otherwise. The consumer pays extra for the privilege of obtaining goods before they are paid for. As a result this part of his income goes to finance companies as profit, and not for the purchase of consumer goods.

Another fault we have with instalment selling is that in general it does not increase the demand for a commodity, but merely advances the date of demand for it. Future sales will be less as a result of present instalment selling plans. The consumer markets are reversed, and an unhealthy business condition results because a large business structure is developed which later must curtail its production and possibly lose on the large capital investment.

It is claimed by some that mass production in the automobile business is the result of the great market created by instalment selling methods. This may or may not be true but it is certainly true that the tremendous

production of automobiles never would have been witnessed if it were not for installment sales. A great market for automobiles was provided up to the time of the beginning of the depression. Many prosperous automobile companies either merged or stopped manufacturing when the demand decreased. The people had enough cars to do several years if no more were manufactured as most cars are sold two or three times before being junked.

The credit structure built by instalment selling was tremendous just before the depression. In 1925 C. C. Hanch found that the average note on a new car was \$528 and on a used car \$280, the total notes amounting to \$193,000,000.

Another charge against instalment selling is its effect on the business cycle. Instalment selling drives the peak of business above a normal figure and the peak is prematurely reached. When a slump in the cycle is reached the drop is more sudden and deeper. The depression period is also intensified as a result of instalment selling. At the time of depression incomes and prices are reduced but instalment debts must be met as usual. Buying other commodities ceases as there is no surplus purchasing power available.

Instalment selling could be developed to a point where it would lose most of its dangers, if it were applied only to certain commodities which have been found

could be distributed economically by this method.

Complete statistics of instalment selling are of course not available to indicate the exact relation it bears to depression, but there is no doubt that it is an important factor in our depression of 1929-1933.

STOCK SPECULATION AND WALL STREET CRASH

From the end of 1927 to October 1929 stock market speculation became one of the most common means of gambling in the United States. The rising market brought in hundreds of thousands of small investors who upon seeing their stocks soar skywards invested more money and this speculative process was repeated again and again with each rise in prices.

The market value of stocks is said to have risen from \$29,700,000,000 in 1925 to \$42,900,000,000 in 1927 and \$74,700,000,000 in 1929. At the same time the number of stocks listed on the New York Stock Exchange rose from 970 in 1925 to 1078 shares in 1927 and 1239 shares in 1929.*

Excessive optimism prevailed. It would be ridiculous to assume that the Wall Street panic of October, 1929 which followed, was the sole cause of the great depression any more than a thermometer can cause a change in the weather. It is certainly the truth however, that the excessive speculation did tend to raise stock prices

* All figures taken from the New York Stock Exchange Bulletin.

exorbitantly. The whole structure became top heavy and crumbled at the first strong sign of a loss of confidence and a downward trend in September 1929. People knew the unwholesome condition of a perpetually rising market could not permanently continue, but speculators could not resist "playing the market" for just one more killing.

Although the excessive stock speculation in Wall Street did not alone cause the depression it was a very important contributing factor giving as it did a vast, false wealth from 1927 to 1929. It was an important cause for our ceasing to lend money abroad as more money could be made quicker at home. The rising prices of stocks added millions in fictitious wealth to the American people which was entirely unjustified by economic conditions as we now know. People thought they were wealthy because they had bought \$10,000 worth of stock on a 10% margin. Their spending power was thus greatly over rated. When the crash came the difference between excessively valued stocks and their great decline was so great that it resulted in a strict curtailment of spending by the investors which further accentuated the troubles of depression.

We can assume with fairness that if we had not experienced the Wall Street crash and failure of the stock market, the present depression might not have been so severe. In the stock market crash millionaires and bus-

iness men lost so much that they had no further desire for honest business enterprise. It sickened them and as a result business became stagnant without their capital investment and the men who should supply the capital either did not have it or had entirely lost confidence and would not advance it.

The farmers of the West claimed that Wall Street money was once more the cause of their poor economic plight. This is not true. Bankers and brokers did share in encouraging the speculation it is true, but the general public was also responsible by gambling in stocks and bonds more than ever before. In cities all over the country the main topic of conversation seemed to be the current condition of stocks. The public had at last found an easy way to make money and they would make the most of it. The bankers and brokers of course never should have encouraged bank loans and sale of stock on a margin to the great extent they did. If they had attempted to stem the optimistic attitude of the investing public it is doubtful if any would have listened. Federal Reserve Bank loans on securities doubled and loans made to brokers were trebled from 1922 to 1929. Such increases serve in a general way to indicate the tremendous influence the stock market had on loans.

Another reason why the stock market speculation and boom thrived was a great industrial boom. The markets of Europe and America demanded goods and our new technological changes enabled us to supply these demands and as the demand for goods developed prosperity conditions arose, profits being paid in the form of dividends on stocks. More money was easy to obtain for new stock issues for plant expansion and industrial development. This process went far beyond reasonable bounds as we later found.

Let us see how the stock market was affected. On Tuesday October, 22, 1929 there was a severe drop in prices despite the fact that there was nothing in the news which caused it, being only a case of nervous fright.

Among the shares which suffered most on this day were Commercial Solvent which dropped 70 points, J. I. Case, 46 points, Columbis Carbon, 35 points, Western Union, 33 points, and Westinghouse Electric, 25 points.

The following day, Wednesday, October 23, more shares were offered for sale as holders tried to unload at once, content to take a small profit or even a loss rather than face the possibility of a greater loss later. As many as seventy points dropped off on some stocks and thousands of accounts were completely wiped out.

On October 24 the feverish activity of selling continued and at the close of the day the ticker was four hours behind. Brokers offices remained open until late

at night straightening out the financial tangle of the day.

Friday, October 25, found the nervous tension somewhat quieted and many stocks opened a few points higher than they had closed the previous day. Prices rose surprisingly and the following day saw a continuation on somewhat the same plane.

On Sunday the brokers usually have their offices closed but they all were open on October 27, from 10 to 1 to settle any misunderstandings, and straighten out records making Wall Street as busy as on a week day.

Monday, October 28, was like the preceeding Thursday. All wanted to sell. Prices declining in every kind of stock. During the last hour over 3 million shares were dealt in on the stock exchange causing great damage in itself and in addition paved the way for the greatest debacle of all on the twenty ninth. According to some figures the total depreciation in the stock of 10 large companies was \$357,119,407 by this time.

Tuesday, October 29, 1929 was the day of the final disaster and the greatest crash in Wall Street history. The market opened with intense activity and quotations plunged downward, many stocks reaching the lowest level in many years. Stocks were sold for what they would bring. The rich and the poor lost alike. Mob psychology prevailed, all selling at once. At the close of the day

a strong rally occurred which brought up some of the sound stocks a dozen points. The following day the panic was over, but its memory will linger for generations.

The sales of stock during the panic are as follows:

Thursday, October 24	12,880,900 shares
Monday, October 28	9,212,800 shares
Tuesday, October 29	16,410,030 shares
Wednesday October 30	10,727,320 shares
Thursday, October 31	7,149,390 shares

Some figures to indicate the tremendous drop in stock prices are:

<u>Name of Copper Stock</u>	<u>Highest</u>	<u>Lowest</u>
Anaconda Copper	174 7/8	67 1/4
Cerro de Pasco Copper	120	52 1/4
Utah Copper	353	224 7/8

<u>Name of Industrial Stock</u>		
American Tel & Tel	310 1/4	193 1/4
J. I. Case	467	130
U. S. Industrial Alcohol	243 5/8	95
Western Union	272 1/4	155

<u>Name of Miscellaneous Stock</u>		
Johns Manville	242 3/4	90
Eastman Kodak Co.	264 3/4	150
Coco-Cola	154 1/2	101

<u>Name of Motor Stock</u>		
Nash	118 7/8	40
Chrysler Corp.	135	36

<u>Name of Railroad Stock</u>		
Atcheson Topeka and Ohio	298 5/8	242 1/2
New York Central	256 1/2	160
Norfolk and Western R. R.	290	191

<u>Name of Steel Stock</u>		
Bethlehem	140 3/8	78 1/4
United States	261 3/4	150

It will be noted that most of the above stocks dropped about 100 points off their high for the year. A great decline in value which could not fail to have a tremendously discouraging effect on the confidence of the nation's business men.

TARIFFS

There is no doubt that tariff barriers are an important contributing cause of the depression. They serve in part to restrict foreign markets instead of broadening them, and are unwisely subsidized at the expense of our home markets. In 1927 the World Economic Conference at Geneva argued that tariffs were too high. They said the time has come to put an end to the increase in tariffs and move in the opposite direction. Since that time however, tariff rates have been raised by almost all countries. Even Great Britain, the great free trade nation, has tariffs. Nations had gone too far and trade was being restricted and choked to death. In the decade before the Civil War, tariffs furnished the United States with 90% of the tax receipts. In 1912 they furnished 45%, but in the year closed in June 1932 they only furnished 15% of the Federal revenue.*

Tariffs are recognized as one of the most important means of providing revenues and of regulating the imports and exports of our country. In every presidential

* "Facing the Facts". Edited by J. G. Smith P. 74

campaign since 1872 it has been made an important plank in the platform of both the Republican and Democratic parties. ^{*} These parties take opposite points of view usually, the Republican party advocating a high protective tariff, and the Democratic party believing a low tariff best.

The Republican party believes a high protective tariff provides a bulwark against foreign competition. Importation of cheaply made foreign goods they believe would drive domestic prices to a lower level and swell the ranks of the unemployed unless protection by tariff walls is made.

In September 1922 the Fordney-McCumber Tariff Bill was adopted by Congress, and in 1930 it was followed by the highest tariff ever imposed in this country known as the Stuart-Hawley Tariff. ^{KK} This tariff is said by many to have been the primary cause of our great decline in foreign trade. Our 1929 exports were \$5,030,099,000 and in 1931 this figure fell to only \$2,377,982,000. In 1932 our exports were down to \$1,576,821,000 the lowest level since 1905. This represents a decline in our foreign trade of 69% ^{KKK} since 1928. The higher the tariffs are raised the less trade countries can have with each other. Tariffs are poison to foreign trade. Up to June 1932, they

* Facing the Facts. Edited by J. G. Smith P. 72

KK Counter Attack by M. E. Tydings P. 80

KKK Ibid. P. 78

had shriveled to 115 million. How much the Hawley Smoot Act was responsible for such a tremendous decline we shall never be able to ascertain but there is no doubt that it was an important factor in this reduction of exports. The fall in prices and general world depression accounts for a large part of this falling off in exports, however, we must not neglect to consider the tariff act as a cause of decline in our imports. President Roosevelt believes this tariff act has paralyzed our exports as the nations against whom we had built tariff walls immediately commenced their disastrous program of retaliation and brick for brick they built tariff walls against us.

The Democrats under President Roosevelt now aim towards a tariff entailing reciprocal agreements with other nations. The simple principle of profitable exchange arrived at through negotiated tariff should benefit both parties to the trade. This will serve to materially change the present world tariff policy of exploiting foreign markets and giving nothing in return. Reciprocal trade agreements should have many advantages over former tariff policies. Foreign markets which are now closed to importing our American surplus will be thrown open if the democratic plans work out as planned by President Roosevelt.

In the fall of 1928 our exports reached their highest point and then a disastrous decline started. The

United States tariff policy had a serious effect on the rest of the world because we drew into this country a large percent of the world's gold supply. This left the debtor nations without enough gold, and as a result they suffered credit contraction and falling prices which precipitated the world depression.

Without gold these nations could not buy from us. Our prices, due partly to a large supply of gold, were rising, while prices outside the United States were falling thus making it doubly difficult for foreign nations to purchase our high priced American goods.

It appears that the high protective tariff policy of the United States is altogether too effective. It protects us so well that both our imports and our exports decline. Business and trade are restrained which is the last thing for which a tariff is designed to do for any country.

Low prices abroad has encouraged American firms to build plants and take advantage of lower costs. The Ford Motor Company has plants in many countries, including Canada and Denmark. The General Electric Company has a subsidiary called the General Electric Company of Japan, located in Tokio. These plants manufacture merchandise products which would ordinarily have been manufactured and sold from the United States. Important exports we should

have, are cut off and foreign nations reap the benefits of manufacturing them due partly to our excessively high tariffs.

Unfortunately a tariff policy is very dangerous when used unwisely as a high protective tariff frequently miscarries. It does not always do what it is supposed to do, and often results in a decrease in both imports and exports. As Hansen says, "The Balance of trade is.....not materially affected by a tariff policy. What is affected is not the balance of trade but the volume of trade." In other words when a high tariff is set this restricts trade to such an extent that both imports and exports fall and this has been the experience of the United States.

Our country must, however, go slow in revising its tariff laws as we have adjusted our business to provide for a high tariff. Any sudden change would be dangerous, and there are bound to be many losses when the change is finally made.

Exporters now realize more than ever that foreign people can buy only with the money received when their commodities in turn are being sold in the United States. Our manufacturers are finding greater difficulties in making foreign sales, and eventually they will all clamor for a lower tariff which will enable them to resume their export business. Our tariff policy certainly may be interpreted as an im-

* Alvin Hansen, "Econ. Stabilization in an Unbalanced World" P. 85

portant contributing cause of the depression. By our policy we practically stopped imports and at the same time tried to expand our exports. We demanded payments on the War Debts, and at the same time did all we could to prevent their payments by our tariff policy which stopped imports and prevented repayment of debts. We encouraged foreign loans and then prevented repayment by our unwise high tariff policy. In 1930 the passage of the Hawley Smoot high tariff bill was the last thing this country should have done. It may in some respects be termed a deliberate act in restraint of trade. It is now apparent that we cannot sell abroad unless we also buy. We tried to sell abroad without buying, but found that it cannot be done without serious maladjustments and depression.

It is of course uncertain exactly what would be the best tariff policy but we may be sure of one thing, that if the tariff policy results in one-sided trade with all exports, and no imports it is a poor one, and it should be revised. Tariff should be taken out of politics by appointment of a Tariff Commission to assure the best results for balanced trade.

A complete change to "free trade" would be too remote a possibility to expect, but essentially this might be the best world policy in the long run if it could be

agreed upon. Economically, international free trade would be best for the world as a whole, but not for a high price country.

In 1932, the United States led the world as an export nation, maintaining its position as the greatest creditor nation the world has ever seen. Tariffs are usually a burden to the people inas much as they do not serve to increase the wealth of a country. The people really pay a bounty to uneconomic producers to keep them in business which results in a higher cost of living with uncertain benefits to be derived. Since a tariff is one factor in stopping imports and exports it may be included as a cause of the depression, and from 1929 to 1931 this is what has occurred.

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DEPRESSION CAUSES ARISING FROM LACK OF PLANNING.

LACK OF PLANNING

We often hear of "planning" as a remedy for depressions. It is claimed that business stability can best be secured by management and planning. This is true, and because we have had no definite plans other than to make profits, many evils with which we are now closely familiar beset us, causing our depression. Many difficulties could have been avoided and certainly would have been controlled in 1929 had we been able to look into the future.

In May 1933 President Roosevelt and his "brain trust" in Washington D. C., entered upon an active campaign to stabilize industry by co-operative efforts of business men and industrial leaders by introducing an Industrial Control Bill. The general purpose was to seek re-employment, raise wages, standardize labor hours, control production, and introduce a fair price scale. Since such drastic legislation was considered necessary lack of planning must have been a cause of the depression, otherwise there would be no need to remedy conditions.

The government believes in "a unified, controlled, sensible operation of a system." In other words the government would have business run by rules, and working all--

together. This is the middle course between laissez-faire and collectivism (or socialism) and is no abandonment of our American heritage. Cut throat competition and sweat-shops are to be abolished entirely and the people of the United States are to have a new era of prosperity.

The purpose of the present chapter is to see what maladjustments in our present system were instrumental in causing the depression. The chief case against our present methods in industry and business seems to be the easy abuses afforded for exploiting labor. The selfish acquisitiveness of capitalists profiteering during difficult periods and pressure brought down upon the workers are other objections causing difficulties. We have failed to control the forward movement of capital. It engulfed us in its immensity and has advanced faster than human intelligence. It is not a system we have, but the antithesis---no system at all.

Of mush-room growth our business methods have grown during the last one hundred years to a point where we must recognize that hereafter it must be controlled. Our capitalistic system of private profits is susceptible to a chronic illness of depression. Depression is explained away by simply saying "another business cycle which will right itself in time." Even Nicholas Murray Butler,

President of Columbia University, a leading exponent of capitalism reluctantly admits that today capitalism is on trial. The Soviet Union has announced its avowed intention to destroy the capitalistic order. The people of the United States are not satisfied with this lack of system which has permitted the richest nation the world has ever seen to fall into a terrible depression causing untold suffering and hardships. While our productive capacity is great, our warehouses are full and over ten million potential workers cannot find employment. People are literally starving in a land of abundance and plenty. What a paradox! We have the resources to make every man, woman, and child in the United States happy, contented, and busy, but we have not yet been able to work out a system to do it. It is said that the wealth of the nation is owned by approximately two per cent of its inhabitants. ~~It~~ The other ninety-eight per cent may be assumed to be suffering from the effects of depression.

The abuses of capital are many, the overproduction of goods and material perhaps being most important. Excess plant capacity is deemed almost a necessity under free competition, laissez-faire and rugged individualism. As a result each plant has equipment to produce far beyond the normal demand.

*

WORLD PRODUCTION IN 1925 COMPARED WITH 1913.

	<u>Approx. percent</u>
Increase in world population	5
Increase in production of foodstuffs	10
Increase in production of raw materials	25
Increase in quantum of world trade	7

Large quantities of goods which could not be sold at a profit were produced rather than allow the capital investment on such equipment to stand idle the plants were operated. The plants were subsequently shut down temporarily or run on part time basis. Unemployment resulted, purchasing power was reduced, and the goods which were produced in large quantities moved slowly off the shelves of retailers.

Our mass production accentuated the large production. France was lucky to escape this because there, they produced in small units and people worked long hours by less modern methods. Many bankrupt mills here were bought for 10% on the dollar, of their original value. When production started again these mills could make a lower price due to a capital investment of only 10% of their competitors. With low prices they entered the market and cut throat competition made it impossible for many other competing mills to operate. If they did compete it would be with lower wages for the help.

Paper mills are said to be about 50% over-equipped.

WORLD PRODUCTION IN 1950

TABLE 1

	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	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Machine tool industry operates at about 65% of capacity. Oil refineries at 76%, and flour mills utilize about only 40% of their capacity. Coal mines produce 750,000,000 tons per year while consumption is about two-thirds this figure. Shoe factories can produce 9,000,000 pairs of shoes annually and only about 3,000,000 are used. Oil wells capacity is about 5,950,000 barrels per day while consumption is only 4,000,000 barrels or about 48% excess production. It can readily be seen that with proper planning such conditions and needless waste would never occur in any industry.

In the automobile industry the capacity was 8,000,000 cars per year. In 1930 the number of new cars sold were only one-half this figure indicating the automobile business is about 50% over capitalized for production. Overproduction affects the worker by causing unemployment, and the business man and farmer do not sell as much but their overhead costs remain about the same as they also lose. In farming, overproduction is very common, and the surplus arises because of mechanized farming, better seeds, and shift to more productive crops as corn to cotton in the South; hay and vegetables, to fruit in California. The shift from beef cattle to dairy cattle hogs and poultry is also an important development in farm overproduction.

Without planning one industry is affected by another

* "Must We Starve" by Scott Nearing p. 134

xx "Nemesis of Amer. Business" by Stuart Chase p. 79 & 89

xxx "The Menace of Overproduction" by Scoville Hamlin p. 17

xxxx Ibid. P. 160

associated industry. Thus under our faulty system one industry causes difficulty, far-reaching in effects, as a strike in one plant may cut off the supply for another plant. In the automobile business a plant temporarily idle affects the production of steel, glass, rubber, paint but by intelligent planning this would not be permitted to occur.

Exorbitant profits have made people displeased with our present business methods. A large number of people are oppressed needlessly by inadequate conditions of live. A small number receive excessive incomes, far beyond that which they really earn. In industry the leaders are always anxious to show a profit, either for themselves, or for the stockholders. By lowering wages more profit can often be shown and this practice is all too prevalent. Now only the man who can work at a fast pace all day is considered productive enough to employ. At forty a worker is liable to be dismissed from service under some pretext of being unfit. Industry today does not want old men. Men should be kept at work but they are not because of (1) their poorer physical condition; (2) employers wish to avoid paying them a pension; (where pensions are given); (3) Slowing up in their work and (4) Liability of injury with advancing age. An investigation by the Brooklyn Chamber of Commerce in May 1929, showed 121 out of 400 firms with a dead line policy. The

Delaware and Hudson Railroad never hires men over 40, and the Bethlehem Steel Company never hires men over ^H 45.

In the old days before mass production methods, men became more skilled and valuable as they advanced in years, but this is not so today. With machines to do the work the operator must be fast, steady, and strong. From the last census of occupations it is interesting to notice the percent of workers over 65 years of age; ^{HH}

	<u>Percent</u>
Active farmers	8.8
Bankers and brokers	5.4
Machinists	1.7
Coal Miners	1.6
Iron Workers	1.5
Printers	1.3
Bookkeepers	1.2
Clothing Workers	1.2

From these figures it is evident that machines are displacing the older men in industry. This is a pathetic condition and eventually would be provided against in a planned economy. Not only is our capitalistic state discouraging to the worker, but it also affects the capitalists. There have been many failures during recent years of depression. The number of business failures increased from 22,909 in 1929 to 26,355 in 1930 and 28,285 in 1931. The percent of failures in all business rose from 1.04 ^{HHH} to 1.33 during these three years. Thus even capitalists are victims of a system which has grown like an octopus

* "Nemesis of Amer. Business" by Stuart Chase P. 133

HH Ibid. P. 136

HHH From Dunn's Review 1/16/32 P.6

until it has grown beyond restraint and control.

The depression could in some respects have been mitigated by a policy of planned production instead of free competition. A National Economy Council, or Planning Board, as suggested by Senator La Follette would be a step in the right direction.

Unless we plan our production we shall continue to have our business cycles and depression. The National government realized the necessity of an organized effort to avert a future crisis in industry, and engaged in a program of industrial planning called N. R. A. which cannot fail to improve our situation.

When we look at the figures for the State of Tennessee in 1931, we find that the total production of goods was \$1,000,000,000. This is a very small amount when compared with the total production of goods in the United States in 1931, which was \$10,000,000,000.

Before we look at figures for the State of Tennessee in 1931, we should first look at the figures for the United States in 1931. The total production of goods in the United States in 1931 was \$10,000,000,000. This is a very large amount when compared with the total production of goods in the State of Tennessee in 1931, which was \$1,000,000,000.

	1929	1930	1931
Manufactures	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
Wholesale Trade	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
Retail Trade	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
Transportation	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
Finance	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
Government	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
Other	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
Total	\$10,000,000,000	\$10,000,000,000	\$10,000,000,000

Since there is less production, naturally not so many freight cars are required to transport the goods.

until it has grown beyond restriction and control.
The depression could in some respects have been
mitigated by a policy of planned expansion based on
this suggestion. A National Economy Council, or
Planning Board, as suggested by Senator La Follette
would be a step in the right direction.
Unless we plan our production we shall continue
to have our business cycles and depression. The
National Government realized the necessity of an ex-
panded effort to expand a future state of industry
and engaged in a program of industrial planning called
N. R. A. which seemed well to improve our situation.

MANIFESTATIONS IN PRODUCTION AND EMPLOYMENT.

DECREASED PRODUCTION

We are all aware of the tremendous curtailment in production during the period of depression. Manufacturers were actually afraid to produce more goods than were ordered, and merchants would not order from manufacturers until they were absolutely certain of the demand and could be sure of selling the goods. During the depression there was no such thing as stocking-up for the future orders and everybody in the circle of business was afraid he would be caught with possession of the goods when the demand ceased, or if the style changed. Hence a period of extreme caution prevailed which led to the well known hand-to-mouth policy in manufacturing, and merchandising.

Before we look at figures for the State of Massachusetts it might be well to see what we have been doing nationally in some of our biggest industries. The following indicate the downward trend in production per week:

<u>ITEM</u>	<u>1929</u>	<u>1931</u>	<u>1933</u>
<u>PRODUCTION</u>	<u>Nov. 30</u>	<u>Nov. 28</u>	<u>Dec. 2</u>
AUTOMOBILES	28,079	7,375	10,041
STEEL INGOTS	67 XX	28	27

Since there is less production, naturally not so many freight cars are required to transport the goods.

* Survey of Current Business, U.S. Dept. of Commerce 12/7/33 P.2
** Percentage of Capacity

Merely to indicate the falling off in freight car loadings in the United States we point out that in the week of November 30, 1932, there were 836,310 cars loaded, and this figure was gradually decreased to 581,347 cars for the week of November 25, 1933.^{*} This represents a decrease of over 30% in freight car loadings which is indicative of the general slump in production of all kinds.

One of the best business indexes of industrial production has been computed by the Federal Reserve Board, and it is estimated to represent directly or indirectly about 80% of the total production in the United States. The following index numbers are enlightening using monthly average 1923-1925 as 100.^{**}

<u>YEAR</u>	<u>INDEX NUMBER</u>
1923	101
1925	104
1927	106
1929	119
1930	96
1931	81
1932 July ^{***}	58
1932 Nov.	65
1933 Nov.	73

It would appear from these figures that we are recovering from our period of low production, and it will probably continue under the influence of the N. R. A. and C. W. A. activities which have greatly raised the consumer purchasing power.

* Survey of Current Business U. S. Dept. of Commerce 12/7/33 P.2
 ** Annual Supplement 1932 Survey of Cur. Bus. U. S. Dept. Com. P. 8-9
 *** Monthly Review: Fed. Res. Bank of Boston

The number of wage earners in manufacturing industries partially explains the tremendous loss in productive capacity from 1920 to 1931.

*

NUMBER OF WAGE EARNERS IN MANUFACTURING INDUSTRIES

<u>YEAR</u>	<u>NUMBER EMPLOYED</u>
1920	9,048,000
1921	6,840,000
1922	7,664,000
1923	8,831,000
1924	7,971,000
1925	8,424,000
1926	8,542,000
1927	8,270,000
1928	8,207,000
1929	7,632,000
1930	6,067,000
1931	5,664,000

The number of workers it will be noticed is almost down to one-half of the 1920 figure. It is certain that these workers were not absorbed in other industries and their loss of purchasing power was reflected in less demand for goods, until eventually production decreased to the low point as described on the previous pages.

In the state of Massachusetts the decrease in manufacturing has been particularly important. From 1930 to 1931 the decrease in the value of manufactured products was \$519,415,011 which represents a decline of 19.4%, and the year 1930 had previously shown a decrease in value of products of 21.1% over 1929. The downward trend has been apparent since the depression began.

* Journal of Amer. Statistical Asso. Dec. 1932 P. 393
 ** See Chart on P. 83

The number of wage earners in manufacturing industries partially explains the tremendous loss in productive capacity from 1929 to 1931.

NUMBER OF WAGE EARNERS IN MANUFACTURING INDUSTRIES

YEAR	NUMBER EMPLOYED
1929	7,520,000
1931	6,840,000
1932	7,084,000
1933	6,831,000
1934	7,071,000
1935	6,424,000
1936	6,542,000
1937	6,770,000
1938	6,309,000
1939	7,032,000
1940	6,707,000
1941	6,064,000

The number of workers it will be noticed is almost down to one-half of the 1929 figure. It is certain that these workers were not absorbed in other industries and their loss of purchasing power was reflected in less demand for goods, until eventually production decreased to the low point as described on the previous pages.

In the state of Massachusetts the decrease in manufacturing has been particularly important. From 1930 to 1931 the decrease in the value of manufactured products was \$215,415,011 which represents a decline of 19.4%, and the year 1932 had previously shown a decrease in value of products of 1.1% over 1931. The downward trend has been apparent since the depression began.

To bring out the figures for the past seven years
will indicate statistically what is occurring here. *

<u>YEAR</u>	<u>VALUE OF MATERIALS USED</u>	<u>VALUE OF PRODUCTS</u>
1926	\$1,790,611,294	\$3,419,814,877
1927	1,678,812,411	3,317,851,888
1928	1,663,155,564	3,224,227,651
1929	1,678,821,555	3,394,420,167
1930	1,333,317,227	2,676,387,256
1931	1,014,852,252	2,156,972,245
1932	718,347,675	1,521,752,939

These figures show that approximately 40% has dropped from the value of manufactured goods since 1926, and this has had a most devastating effect upon workers in the industries, by decreasing their wages and purchasing power which in turn served to aggravate the situation even more.

When the family income is cut off or reduced by unemployment there is less money available to be spent on food, clothing, fuel and medicines. The body is neglected and the health is impaired. The body is forced to operate on an involuntary diet and resistance power is lowered so that disease and colds are easily contracted. Clothing is often insufficient to withstand winter, cold, shoes are worn out, and with no fuel with which to keep warm, another source of danger increases. Under such conditions men, women and children become physically weakened and fall ill.

In many instances school teachers are known to have provided food, and even wearing apparel for their needy

* Mass. Dept. of Labor & Industry... Press Report #44
Jan. 1, 1934, Page 3

To bring out the figures for the year 1933.

Will indicate approximately what is shown in the table.

YEAR	YACHTS BY MANUFACTURE	YACHTS BY IMPORT
1933	718,547,575	1,014,822,438
1932	1,325,317,227	1,578,821,228
1931	1,578,821,228	1,578,821,228
1930	1,578,821,228	1,578,821,228
1929	1,578,821,228	1,578,821,228
1928	1,578,821,228	1,578,821,228
1927	1,578,821,228	1,578,821,228
1926	1,578,821,228	1,578,821,228

These figures show that approximately 50% are imported.

from the value of manufactured goods since 1923, and this has had a most disastrous effect upon industry in the industries, by destroying their wages and production power which in turn served as a guarantee for employment even more.

SOME RESULTS OF UNEMPLOYMENT IN MASSACHUSETTS

General Discussion

The tremendous unemployment problem has made us more conscious of the fact that we must try to provide work for our unemployed which was fully discussed in a previous chapter. Aside from unemployment insurance however there are many direct results some of which have a direct bearing upon industry. We shall now discuss some of these.

NEGLECTED HEALTH

When the family income is cut off or reduced by unemployment there is less money available to be spent on food, clothing, fuel and medicines. The body is neglected and the health is impaired. The body is forced to operate on an involuntary diet and resistance power is lowered so that disease and colds are easily contracted. Clothing is often insufficient to withstand winter, cold, shoes are worn out, and with no fuel with which to keep warm, another source of danger threatens. Under such conditions men, women and children become physically weakened and fall ill.

In many instances school teachers are known to have provided food, and even wearing apparel for their needy pupils. Unless she did this the children would be unable

THE EFFECTS OF UNEMPLOYMENT ON THE CHILDREN

General Introduction

The tremendous unemployment problem has made us more conscious of the fact that we must try to provide work for our unemployed youth and fairly discuss in a previous chapter. Aside from unemployment insurance however there are many direct results some of which are a direct bearing upon industry. We shall now discuss some of these.

NEGLECTED HEALTH

When the family income is cut off or reduced by unemployment there is less money available to be spent on food, clothing, fuel and medicines. The body is neglected and the health is impaired. The body is forced to operate on an involuntary diet and resistance power is lowered so that disease and colds are easily contracted. Clothing is often insufficient to withstand winter colds, shoes are worn out, and with no fuel with which to keep warm, another source of danger exists. Under such conditions men, women and children become physically weakened and ill.

In many instances school teachers are known to have provided food, and even vesting efforts for their needy pupils. Unless one did this the children would be unable

to attend school many weeks of the year, as they could not venture out in cold, inclement weather.

Many families moved in with their relations, each family finding it easier to pay one-half the rent and fuel bill than if they lived separately. Newly married couples especially, moved back to the homes they had recently left and crowded conditions prevailed in thousands of homes in the state, often resulting in unhealthy living quarters.

STATE RELIEF PROGRAMS

Never have public welfare boards been so overwhelmed with calls for assistance as during the last three years during the period of depression. During the month of March 1933, Harry L. Hopkins, United States Relief Administrator, says 4,560,000 families received welfare aid. Unemployment has increased the number of families and detached individuals aided, from 6,406 in 1927-28 to 16,352 in 1930-31, and the appropriation for temporary aid from 660,000 in 1928 to 1,300,000 in 1931, and \$2,170,000^{*} for 1932. The Metropolitan Chapter of the American Red Cross distributed 750,000 garments to nearly 35,000 families in the winter of 1932-33 to the needy. Net expenditures of the cities and towns for assistance have increased from \$6,300,000 in 1927-28 to \$10,771,000 in 1930-31. This figure^{**} was \$27,317,621.02 for 1932.

* Mass. Public Welfare Annual Report 1931 P.2

** Ibid. 1932 p. 29 Part 3. "

Money is given to able-bodied persons who do some work for it, notably as in Boston and Worcester.

It is thought that not more than 25% of those who had lost their jobs had applied for aid up to December 1931. The causes of aid from 1929 to 1931 are in the following table:

	1929	1930	1931
Illness	1,128	1,036	797
Desertion	343	375	365
Widowhood	203	223	470
Old age	134	175	159
Unemployment	2,327	6,260	12,439
Insufficient income	487	768	762
Husband in correctional institution	200	160	140
Orphans	16	9	9
Insanity	13	23	23
Blindness	12	10	10
Non-support	84	71	96
Miscellaneous	4	23	2
Totals	4,951	9,133	15,272

It will be noticed that the greatest change is in unemployment aid cases which increased by 10,112 from 1929 to 1931. In 1932 this figure rose to 24,359.

The following tabulation indicates the actual amounts reimbursed for aid rendered by cities and towns:

YEAR	No. of cases	No. of persons in family	Amounts reimbursed
1927(January 1 to June 30)	4,118	18,611	\$ 398,301.80
1927-28(July 1 to June 30)	6,406	30,428	885,932.73
1928-29(July 1 to June 30)	7,099	27,126	1,000,753.93
1929-30(July 1 to June 30)	8,639	35,481	1,147,029.53

(Year ending March 31, 1932 total number receiving state aid was 407,669). ***

State Aid For Mothers

At the close of 1932 there were 3,379 mothers in receipt of Mothers' Aid under the 1913 state law, who were paid \$938,940.^{*} Mothers Aid recipients must have dependent widows, have incapacitated husbands or be deserted by their husbands.

Mothers Aid payments have been increased because of: (1) failure of children of sixteen years of age to secure work, (2) loss of work by older children, (3) lack of mothers themselves, (4) withdrawal of assistance by relatives, or private societies.

Bureau of Old Age Assistance

The old age assistance law went into effect on July 1, 1931, and the number of cases increased from 8,285 in December, 1931 to 16,772 in 1932. The amount expended by towns and cities for the ten months ending April, 30, 1932 was \$2,036,184 as compared to \$904,038.53 spent in 1931.^{**} To obtain this aid, three things must be proved: Age, seventy years, citizenship, and residence in the state for at least twenty years.

Poor Relief

During unemployment and depression the increasing number of poor, demand more money. The number of poor persons supported or relieved by state institutions for the year ending March 31, 1931 were 65,888,^{***} an increase of 26,607 over 1930. Of 65,888 cases, 60,830 cases were aided first by cities and towns.

* Mass. Dept. of Public Welfare, Annual Report 1932 PP. 10-11

** Ibid. p. 29 Part 3

*** Ibid. 1931 Report. PP. 158-159

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In the entire state 280,252 received poor relief in 1931, 214,364 received aid from cities and towns and 65,888 as above received state aid. Of these 138,909 were males and 141,343 were females, children receiving about one half the money expended, which makes it appear that minors are victims of our unemployment crisis to a great extent. The net cost to the state of supporting and relieving the poor in 1931 was \$2,961,768.04. Cities and towns paid out \$13,989,861.07 making a grand total of \$16,951,629.11. ^{XX}

Despite the great efforts of the state to assist as much as possible there was an attempted state hunger march on May 1 and 2, as part of a national unemployment demonstration, but it was a flat failure.

City of Boston Public Welfare Work

The City of Boston Overseers of the Public Welfare have been obliged to enlarge their department due to the great recent demands caused by widespread unemployment. The amount actually paid to the poor in the year 1932 was 11,983,000 dollars and families aided numbered over 35,000 representing 80,000 persons. Let us examine a few figures for the last six years. ^{XXX}

<u>Year</u>	<u>Aid to the Poor</u>
1928	\$ 2,195,529
1929	2,480,382
1930	3,667,560
1931	7,102,000
1932	11,983,000
1933	13,500,000

It is evident from the above that there has been a

* Mass. 1931 Annual Rep. Dept. of Public Welfare. p. 158.

** Ibid. p. 170

*** From Boston Welfare Bureau, Mr. Kelley.

tremendous drain on the treasury of the city of Boston during the last few years due to unemployment. It is apparent that 1933 will represent the peak of welfare expenditures. We may contrast this figure with that of 1928 to see one result of unemployment.

Wayfarers' Lodge in Boston

The lodge has been maintained for over fifty years, but during the last few years tremendous expansion has been necessary to accommodate those in need. During 1929 total lodgers were 28,466, increasing in 1930 to 43,968. The total expenses on account of wayfarers during 1930 was \$20,801.45.

Mothers Aid in Boston

The following figures were furnished by overseers of Public Welfare in Boston and they indicate the great assistance of Mothers Aid in Boston.

<u>Month</u>	<u>Year</u>	<u>Number</u>	<u>Amount</u>
December	1929	845	\$63,692.34
December	1930	912	78,099.63
December	1931	998	87,624.85
December	1932	1,228	84,859.00

Old Age Assistance in Boston

The following shows the figures since August 1931, every six months to December 1932 for Old Age Assistance in Boston. This law became effective by state legislation July 1, 1931.

*Overseers of Public Welfare, Annual Report City of Boston 1930, PP. 6 and 12.

** Mr. Kelley--Boston Welfare Bureau
 *** Ibid.

<u>Month</u>	<u>Year</u>	<u>Number</u>	<u>Amount</u>
August	1931	8	\$ 119.00
January	1932	1731	50,799.00
June	1932	3067	93,856.60
December	1932	3373	95,881.00

Dependent Aid in Boston

✕

The following figures show the number of cases and the amount of money given to dependants in Boston during the last four years:

<u>Month</u>	<u>Year</u>	<u>Number</u>	<u>Amount</u>
December	1929	4,110	\$165,805.51
December	1930	8,338	453,671.78
December	1931	14,380	774,087.58
December	1932	23,567	940,062.29
January	1933	25,141	911,386.00
February	1933	26,322	924,409.00

The reason January 1933 is less in amount than February 1933, although there were more cases assisted in February is due to a prepayment of \$42,482 in December 1932 for January 1933. Reading the figures thus interpreted shows a consistently increasing number of cases and a tremendous increase in the total amount paid, about six times the figure of 1929. There is no doubt unemployment is the major cause of the need of assistance.

Birth Rate

In 1931, Massachusetts had 69,385 live births which is a decrease of 4,305 or 5.8% as compared with 1930. ^{✕✕}
 In proportion to the total population the births were ^{✕✕✕} equivalent to a rate of 16.2 per 1,000 population, and

✕ City of Boston Welfare Department Mr. Kelley
 ✕✕ Mass. Annual Report of Vital statistics for 1931. p. 145
 ✕✕✕ Ibid.

Month	Year	Amount	Balance
January	1951	10,000.00	10,000.00
February	1951	10,000.00	20,000.00
March	1951	10,000.00	30,000.00
April	1951	10,000.00	40,000.00
May	1951	10,000.00	50,000.00
June	1951	10,000.00	60,000.00
July	1951	10,000.00	70,000.00
August	1951	10,000.00	80,000.00
September	1951	10,000.00	90,000.00
October	1951	10,000.00	100,000.00
November	1951	10,000.00	110,000.00
December	1951	10,000.00	120,000.00

Dependent Aid in 1951

The following figures show the amount of money paid to dependent aid in 1951 and the amount of money paid to dependent aid in 1950.

Month	Year	Amount	Balance
January	1951	10,000.00	10,000.00
February	1951	10,000.00	20,000.00
March	1951	10,000.00	30,000.00
April	1951	10,000.00	40,000.00
May	1951	10,000.00	50,000.00
June	1951	10,000.00	60,000.00
July	1951	10,000.00	70,000.00
August	1951	10,000.00	80,000.00
September	1951	10,000.00	90,000.00
October	1951	10,000.00	100,000.00
November	1951	10,000.00	110,000.00
December	1951	10,000.00	120,000.00

The reason January 1951 is less in amount than February 1951, although both were paid, is because the amount of money paid in January 1951 was less than the amount of money paid in February 1951. The reason for this is that the amount of money paid in January 1951 was less than the amount of money paid in February 1951. The reason for this is that the amount of money paid in January 1951 was less than the amount of money paid in February 1951.

State Aid

In 1951, the amount of state aid was less than in 1950. The reason for this is that the amount of state aid was less than in 1950. The reason for this is that the amount of state aid was less than in 1950.

this is the lowest rate ever recorded in the state. The infant mortality in 1931 is the lowest on record. This low figure of 16.2 may be compared in passing to the highest birth rate of 30.2 in 1857.

Despite the low birth rate, it is still higher than the death rate, as it always has been. The excess of births over deaths amounted to 42.3 in 1931. The natural increase in population for 1931 is accounted for as follows: Births 16.2 - Deaths 11.4 equals 4.8. This is less than the five year average of 6.4, from 1926 to 1930.

Every city in the state with 100,000 inhabitants or more showed a decrease in births from 1907 to 1931. The state births decreased from 85,001 in 1907 to 69,385 in 1931. Most decreases in births have been steady during the past five years.

Let us look at births in the City of Boston.

<u>Births</u>	<u>Year</u>
19,049	1928
18,020	1929
18,073	1930
17,149	1931
17,259	1932
16,215	1933

The general trend is downward it will be noticed, except for a slight increase of 110 births in 1932 over 1931.

The following table indicates the falling birth rate which has been especially low in 1931. It is important to note that the excess of births over deaths is steadily decreasing and it will not be many decades before natural increase in population ceases.

* Mass. 1931 Annual Rep. Dept. of Vital Statistics p. 145

** Ibid. p. 146

*** Ibid. p. 153

**** By City Registrar James M. Mulvey

-----Live Births:-----1907 to 1931-----*			
Years	Birth rate per 1,000	Excess births over deaths	Excess births over deaths
1907	26.9	30,767	9.7
1909	25.4	32,803	9.9
1911	25.6	35,265	10.2
1913	25.6	38,242	10.7
1915	25.2	40,045	10.8
1917	24.9	39,103	10.2
1919	22.9	35,482	9.3
1921	23.7	44,427	11.4
1923	22.5	36,830	9.3
1925	20.8	34,124	8.3
1927	19.6	32,949	7.8
1929	17.5	21,951	5.2
1930	17.3	24,187	5.7
1931	16.2	20,642	4.8

It maybe said in summary that unemployment has seriously affected our birth rate, but with the return of prosperity it is safe to assume we shall have more marriages and births.

Death Rate

During a serious unemployment era such as characterized our 1929-1933 depression one would be inclined to look for a large increase in death rates due to malnutrition, starvation, poor housing, unsanitary conditions, exposure, etc. Fortunately, however, such was not the case. State, city and town welfare workers did their part and the lowest death rate ever recorded in Massachusetts was the surprising result in 1931.

The number of deaths in 1933 was 50,831 a definite increase of 1307 over the 1931 figure of 49,524. The year 1931 showed 760 less than 1930, however.

* Vital Statistics of Mass. 1931 P. 154

** Ibid. Advance data from Annual Report, not pub. yet.

Although we always have suicide with us even in prosperous times there were 601 in 1931. These suicides were an increase of 54 over those in 1930 and represent the greatest number ever recorded in a year in the Commonwealth. It would probably be true to say the depression is responsible for this.

For comparison let us look at the number of suicides per 100,000 population in the last five years:

<u>Year</u>	<u>Suicides</u>
1927	10.9
1928	12.7
1929	12.4
1930	12.9
1931	14.1

We shall never know how many of these unfortunates were despondent over their unemployment in 1930 and 1931 but we may be certain that a large number had this reason for exterminating themselves.

Marriages and Divorces

The unemployment problem has resulted in fewer marriages as would be expected. The following table of marriages since 1907 indicates that in 1931 there were fewer marriages than in any year tabulated. The nearest to the 1931 figure is way back in 1908 with 27,071 marriages as compared to only 26,296 in 1931.

* Vital Statistics of Mass. Annual Report 1931. p. 7.

** Ibid.

*** Vital Statistics of Massachusetts 1931 P. 166

Years	Total Number	Rates--Persons married per 1,000 population	
		Annual	Five-year averages
1907	31,055	20.1	
1908	27,071	17.3	18.3
1910	30,710	18.2	
1912	30,898	17.6	
1914	32,588	17.9	17.7
1916	34,386	18.2	
1918	29,163	14.9	
1920	38,048	19.7	18.1
1922	32,683	16.6	
1924	32,080	16.0	
1926	30,584	14.5	16.5
1928	29,082	13.4	
1930	27,431	12.9	
1931	26,296	12.3	13.8

In every city in the state with a population of 100,000 or over a decrease in marriages is seen. The average rate of decrease is about 5.2 marriages per 1,000 population since 1907 but the greatest decreases came during the last few years.

x

The following table indicates the state trend since 1905 based on person married per 1,000 and population in census years 1905 to 1930.

<u>Year</u>	<u>Rate</u>
1905	18.1
1910	18.2
1915	17.0
1920	19.8
1925	15.1
1930	12.9
1931	12.3

In the City of Boston the figures on marriage indicate a distinct downward trend from 1928 to 1932 as follows with a slight increase for 1933:

<u>Year</u>	<u>Marriages</u> *
1928	8,667
1929	8,615
1930	7,972
1931	7,800
1932	6,814
1933	7,062

There appears to be no doubt that the depression and unemployment are the causes of such a distinct decline in the number of marriages in the State of Massachusetts.

The divorces in the State have been running along at about 3,500 per year since 1921, another depression year. Unemployment must again be given as one of the reasons for the large number of divorces in 1930 and 1931. In 1931 there were 3,625 divorces which was a decrease of 121 or 3.2% less than the number granted in 1930. The 1931 figure of 3,624 however, is an increase of 127 per year over the average number of divorces granted for the five year period 1925 to 1929. ^{XX}

It is interesting to notice the effect unemployment is having on desertions as a cause of divorce. In 1931 there were 1,488, and in 1929 there were 1,482 desertions, but one must go back to 1919 to find such a low figure again. ^{XXX} The inference is that in times of unemployment there is less desertion. The parties to the marriage evidently do not feel so independent and this may be the only good thing about unemployment as it appears to keep married couples together.

It may be seen from the previous discussion, the far-

* Dept. of Births, Marriages & Deaths in City of Boston
Miss Kiley furnished data.

XX Vital Statistics of Mass. 1931. p. 168

XXX Ibid. p. 186

reaching and terrible consequences of unemployment and anything which we can do to stabilize employment should be attempted to alleviate such prevalent suffering and discouragement.

Commercial and Industrial Development and Along the advent of the factory system and machine age we have always had our fair share of unemployment. In England from 1800 to 1850 the average unemployed represented 11.3% of the total population. We learn from history that unemployment was not always with us, and therefore it is not a natural condition but is caused by the modern complex industrial economic system. The mal-adjustments in our industrial economic system result in unemployment.

Who is to blame?

Who is to blame for these conditions? Is it the employer? Obviously not. The executives and employers are probably alone responsible for primarily to their errors in judgment. In most cases they are misled by the pecuniary element of "greasing" required in our competitive system, by which the firm which can offer the most money to the workers is the one which survives. Some instances of the kind reported will be given from the following

Report on Unemployment

as to cause of our condition

"Unemployment in an Industrial World"
D. Vance, p. 111

nothing and possibly suggestion of suggestion
nothing which we can do to show the suggestion
be suggested to suggest and suggest suggestion
suggestion.

UNEMPLOYMENT CAUSES

General Discussion:

Unemployment is here to stay. It came with the Commercial and Industrial Revolution and since the advent of the Factory System and Machine Age we have always had some men without work. In Massachusetts from 1908 to 1922 the average unemployed represented 11.3% of the state population. We learn from history that unemployment was not always with us, and therefore it is not a natural condition but is caused by our modern complex industrial economic scheme. The maladjustments in our industrial economic scheme results in unemployment.

Who is to Blame?

Who is to blame for these maladjustments? Is it the employee? Obviously not. The executives and employers are probably alone responsible due primarily to their errors in judgement. In most cases they are caused by the necessary element of "guessing" required in our competitive system, by which no firm knows what other firms are planning. Some instances of how this operates will be gained from the following:

Errors in Judgement

As to value of new machinery

* "Economic Stabilization in an Unbalanced World"
A. Hansen p. 124

UNEMPLOYMENT

General Discussion:

Unemployment is not a new thing. It has been with the Commercial and Industrial Revolution ever since the advent of the factory system and the division of labor. Always had some men without work. In the nineteenth century from 1870 to 1920 the average unemployed represented 11.3% of the state population. We learn from history that unemployment was not always with us, and therefore it is not a natural condition but is caused by the modern complex industrial economic system. The adjustment in our industrial economy which results in unemployment.

Who is to Blame?

Who is to blame for these maladjustments? Is it the employer? Obviously not. The executives and managers are probably more responsible than the workers for their errors in judgment. In most cases they are caused by the necessary element of "guessing" required in our competitive system, by which no firm knows what other firms are planning. Some instances of this are given as follows:

Errors in Judgment

As an example of new machinery

A "Business Statistics" by the United States Bureau of Economic Analysis

As to firm expansion

In inventory expansion

In expensive advertising and sales campaigns

As to what style to produce in quantity

As to when to market the goods

In demand for merchandise

As a result of this lack of knowledge as to the future many firms are forced out of business with much unemployment resulting.

An Example

The American Soda Fountain Company for forty years at 282 Congress Street, Boston, engaged in a plant expansion program and moved to an expensive new factory they built in Watertown, Massachusetts. Just at this time the plant was completed and ready to produce beautifully constructed, custom designed, soda fountains. Competing soda fountain companies in the middle west placed a low priced inexpensively constructed mass production fountain on the market. The American Soda Fountain Company could not meet this competition, and within eighteen months, in June 1929, the company was forced out of business after 96 years of manufacturing. Most of those employed there, were obliged to seek other work and became gradually absorbed into some other industry.

In the above instance the cause of resulting unem-

* The writer was at one time employed by this company.

ployment was clearly the fault of an executive, a new, young, General Manager, who entertained new ideas and executed them at just the wrong time.

Who are the Unemployed?

Those who are unemployed may be considered in three classes, grouped as follows:

1. Those who are employable, are willing and ready to work, and have no handicaps of health, habits, or age. These usually are kept busy in industry, but, are thrown out of employment at times. These men should be always kept busy, and during boom periods they prosper.

2. Those employed due to the nature of their work, such as seasonal workers in factories and on farms, dock workers who unload ships when they arrive, and building and construction workers. These workers should endeavor to keep more employed by careful planning if possible. For instance, workers in Boston and Worcester, the great manufacturing cities of the state, might arrange to return to the farms for a few weeks, or even months during the quiet factory producing season, as they do in Germany where this is a very common practice. Technological unemployment, by reason of advancement in the arts and changes in industry through new inventions, also account for a large number of the

unemployed in this class.

3. Those who cannot work or will not work due to laziness, old age, and mental or physical weakness. In the latter type we may include those who work a few weeks and spend it on a "spree" and do not return to look for work until compelled by necessity. These are the "floaters" of industry, are mostly unskilled and for the most part never could, or would keep a job if they were presented to them.

What are the Causes of Unemployment?

There are numerous causes of unemployment in Massachusetts, but because of inadequate statistical records in this state we have had no means of exactly determining the major causes, although it is certain that there are many worthy of note. Let us look at some of them:

1. Rural to Urban Industrial Movement

As in all parts of the United States Massachusetts has felt this movement. The high wage level, and the short working hours in the city are powerful incentives to draw the ambitious people from rural areas. Their future appears brighter and opportunities are certainly more promising than in their native small towns. Too many of these are doomed to disappointment as industry does not now need all of them and they become the unemployed.

unemployed in this class.

3. There was common work at all but work

and the business, old age, and mental or physical weakness. In the latter type we may include those who are a few weeks and stand in on a "spare" and do not return to look for work until compelled by necessity. These are the "fluctuators" of industry, the people who are and for the most part never could, be really kept a job if they were presented as such.

What are the Causes of Unemployment?

There are numerous causes of unemployment in Germany connected, but because of the economic situation, Germany in this state we have had no means of really determining the exact causes, although it is certain that there are many workers of noble, but we have no idea of them.

1. Rural to Urban Industrial Movement

As in all parts of the United States, Germany has felt this movement. The cities were level, and the short working hours in the cities are powerful incentives to leave the conditions which they find there. Their future appears brighter and opportunities are certainly more promising than in their native soil. Too many of them are forced to unemployment as industry does not need all its hands and they become the unemployed.

2. Growing Importance of Styles

Every year style shows are held and we attend, usually with never a thought that men are without jobs as a result of the rapid changes. The fickle changes and wide variety of women's wear especially, make manufacturers and jobbers fear to stock up with large inventories. "Hand-to-mouth" buying is now our lot and as a result fewer men are employed.

The very quantity of materials used throws men out of jobs. In the clothing manufacturing industry, short skirts and no more manufacturing of petticoats have been serious unemployment causes. In both men and women's shoes we no longer see the high boots so common a dozen years ago as we all wear the low-cut oxford style now. Massachusetts industries have been especially affected by the above changes and workers have suffered.

3. Child Labor

Child labor in the state of Massachusetts has been greatly reduced. Now under the National Recovery Act no boy or girl under sixteen years of age may work in industry on a full time basis. During this depression boys and girls have had great difficulty in obtaining positions, first because there were few to be had, and secondly, because when a position was open a man or a woman would

work at a low enough wage to make it an incentive for the employer to engage them in preference to a boy or a girl. Western Union Messenger "Boys" are often about forty-five years of age.

4. Married Women Workers

The large number of married women workers who have husbands also working, is an important reason for much of our unemployment. Public opinion is a strong factor against married women holding a position which a man should have. Many companies deliberately have discharged married women who are not dependent upon their own earned income. The American Telephone and Telegraph Company is a notable example of this. Very few female school teachers are now permitted to hold their positions if they are married, and most towns and cities now refuse to employ any married women.

Our new first family in the White House at Washington can hardly serve as a good example of frowning upon women workers. Miss F. Perkins, who was appointed to the Cabinet position of Secretary of Labor has a husband who is now employed, and Mrs. Roosevelt, the President's wife, has worked for many years. The female secretary of the latter is married, and a job is to be found at the White House for her husband.

The United States Department of Labor announced recently that a survey conducted by the National

Federation of Business and Professional Women jointly with Bryn Mawr College, reveals that women workers over 60 years of age earn the highest salaries. The survey was undertaken in a scientific way. It seems strange that employed women over 60 years of age should earn more than younger women or men.

5. Unfair Competition of the Southern States

It is common knowledge that compared to some of our Southern states, the state of Massachusetts has excellent laws to protect its workers. This difference in law operates as a handicap to Massachusetts and much unemployment results here. Some industrial leaders and many business men would like to see a change in our laws to meet Southern competition.

A suggestion was made by Henry P. Kendall, president of the Kendall Company at a conference of New England Labor Leaders on December 17, 1932, that Governor Ely call a conference of labor, trade and industrial leaders for the purpose of effecting a moratorium on our restrictive labor laws to allow textile mills to employ women and girls until 10 o'clock at night instead of 6:00 P.M. in order to offset the competition of Southern textile states.

At this same meeting Governor Ely issued a warning to the Southern textile states that unless they raise their labor laws to the Massachusetts standards,

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this state would lower its standards to meet their competition. Governor Ely made it plain that he would not take this stand if only capital and industry were involved, but because of the effect present conditions were having on the working people of Massachusetts who cannot secure employment he deemed it necessary.

Another broadside was hurled at the Southern textile states by James Jackson, former Massachusetts State Treasurer, speaking before the veterans' division of the National Economic League at Faneuil Hall on December 16, 1932. Mr. Jackson said in part, "If we in Massachusetts desire to give our citizens gainful employment we must revise our restrictive labor legislation and make it possible for industry here to compete with our neighboring States. Our legislators must consider the good of the great mass and not the howl of the organized minority."

6. Prison Labor

Our state prisoners must be kept busy to form good habits of industry. If they do not have a trade they are taught one so that they may become useful and independent members of society when they are released.

In order to learn a trade prisoners are put to work producing goods. The following is a list of work done

by prisoners in all Massachusetts prisons for year ending November 30, 1931. *

INDUSTRIES	TOTAL WORKERS
Automobile repair	10
Brush	37
Chair caning	51
Cloth and blankets	345
Clothing	124
Concrete	38
Foundry	68
Furniture and repairing, etc.	158
Heel	1
Knitting	22
Mat	6
Mattress	19
Metal	118
Needle trades	54
Printing	38
Reed	15
Shoe	192
Stone	62
Underwear	93
Total	1,451

The prisons produced for the year 1930-1931 goods which were sold as follows: **

Sales to Institutions	\$1,359,719.25
Sales in market	149,702.84
Total Sales	1,509,422.09

Although Massachusetts prison labor in 1929 produced a total of only \$1,509,422.09, as compared with products of 3,394,420,167 of the entire state manufacturing, this no doubt has had the effect of increasing our unemployment. ***

Mr. Roy H. Keith, Assistant Commissioner in charge of Industries stated in an interview that much more goods could be produced if modern efficient machinery were to be

* Massachusetts Annual Report of Commissioner of Correction P.165

** Ibid.

*** Dept. of Labor Annual Report p. 87

installed. However, as the main object is to keep the men busy, and learn a trade it takes about eight men to produce in the prisons what one man produces outside in private manufacturing plants. Mr. Keith pointed out that the average sentence is only eight weeks and it would hardly be advisable to try to teach prisoners to operate complicated machinery as their term would expire before they became efficient operators. Thus prison labor, and products are not likely to become any more of a problem to private industry and to our unemployment stipulation than it is at present.

7. Long Working Week

This may appear to be an incorrect view in listing a "long working week" as a cause of unemployment but it is however a cause in one sense.

We have been educated to believe that a forty-eight hour week is a full week. Why is such a definite number of hours established? The law makes this the maximum and employers use this time simply because it is expedient to do so. But it is not absolutely necessary to have forty-eight hours per week for normal employment any more than it is to have either a forty, or a thirty hour week. There is no standard by which we can measure, except that we know all workers should be employed. President Green of the American Federation of Labor said, "As long as there is one worker idle in the United States the working hours are too long."

President Green gave some figures at Washington, D. C. on February 12, 1932 to prove that our working week is too long. He stated that unemployment has reached the highest peak in the nation's history and a thirty hour week plus federal aid to distressed states can alone prevent "an even greater human catastrophe". He continued by stating that the average actual work week is now 41.6 hours and if this were universally shortened to a thirty hour week 6,600,000 of the 12,000,000 now unemployed could go back to work. In conclusion Mr. Green asserted that Organized Labor is willing to strike if necessary to secure a thirty hour working week for all industry.

In Italy, Mussolini has decided a forty hour week is right and is applying it and he has sponsored and voiced the forty hour week for international action at Geneva.

This forty hour week has made progress in the United States and is reflected in Massachusetts Industry. Such companies as Ford Motors, General Motors, Metropolitan Life Insurance Company, and Socony-Vacuum Corporation now have a forty hour week or even less. It is not too much to say that within a few years we shall have a shorter working week than the present forty eight hour standard. The National Recovery Administration Codes are a step in the right direction.

8--Introduction of Labor Saving Machinery

Theoretically the introduction of labor saving machinery does not cause unemployment in the long run as displaced labor is later reabsorbed into industry, and no permanent unemployment is said to result. However, when a man is discharged it is uncertain just when he will be able to find another job. Even in "good times" when business is booming a worker should expect to be unemployed some part of the time.

Laborers are not always versatile enough to turn from job to job with alacrity even when the chance is offered. These men often persist too long endeavoring to get back into their old factory, doing other work if necessary. Men often lack the ambition to try to get into another line of industry as they have become attached to their old job, the factory, and associates there.

At the Industrial Exposition held at the Grand Central Palace in New York on February 13, 1933 a knitting machine was exhibited. This machine enables one operator to do the work of more than 3,000 persons knitting by hand. It has 24 yarn feeds which is an increase of 16 over earlier models. On this machine a production of 50 square yards of fabric per hour is possible and one operator can operate four of these machines at once. Some of these machines will certainly be sold and thousands of workers will be replaced.

There can be no doubt that technological improvements are a serious factor in causing temporary unemployment. In the long run, however, it seems to almost cease to be a factor. Roger Babson submits a most interesting comparison of figures to bring out this fact. Mr. Babson says, "In 1899 the average number of wage workers in manufacturing establishments was 4,700,000 constituting 6% of the entire population, while in 1929 notwithstanding the great improvements in labor saving machinery the number of wage earners in similar plants had risen to 8,700,000 or 7% of the population. Considering all gainful occupations the number of employed increased from 38.3% in 1900 to 39.8% of the population in 1930".

These figures apparently justify all technological improvements. Even though such changes result in unemployment temporarily they seem to be for the common good of all workers.

Dr. Dugold C. Jackson, head of the Department of Electric Engineering at Massachusetts Institute of Technology told the American Association for the Advancement of Science at Atlantic City, New Jersey, on December 28, 1932 that, "In the United States the proportion of the population ten years or older who are in gainful occupations has varied, in the census years, only six or seven percent from its average figure for the fifty years

from 1880 to 1930".

Dr. Karl T. Compton, President of the Massachusetts Institute of Technology admits that technological unemployment exists but claims that new industries, spreading the work, and shorter hours will amply provide for those thrown out of a job. This is true, but it takes so long that suffering occurs before employment relief finally arrives.

9--Generous Immigration Laws

Up to the World War period we had tremendous immigration to our shores. We were importing laborers in astounding numbers. This could not fail to have its effect later on the people already here.

In Boston and its vicinity, numbers of Irish, English, Jews, Italians, Scandinavians, and Germans settled. The increased population here resulted in a lower wage scale just after their immigration and later in the vast unemployment of 1929-1933. At the first sign of depression the foreigner is the first to lose his job. In many cases he cannot speak English and it is doubly difficult for him to secure another position. After a little time he is then liable to become a public charge.

Our immigration laws are now more rigid. Under the National Origins Clause in the Immigration law which went into effect July 1, 1930 we shall have very few

immigrants. The immigration of professional people, professors, artists and musicians, etc. has increased since the war. This selection is a good thing for the country and we need not worry about them being unemployed.

10--Seasonal Changes

Seasonal changes cause unemployment because of change in seasons, psychological action and "short swing variations" in industry. Probably a more accurate name would be periodic unemployment in which a large percentage of our unemployment is the result of seasonal variations and every industry appears to be affected more or less.

Our most important industries are influenced by seasonal changes. The building trades do very little of their work in the cold winter months. Bricklaying is almost at a standstill in January and February.

Psychological action tends to accentuate the degree of unemployment. Extensive house cleaning, and moving are activities in which housewives engage only in the spring. The furniture movers are unemployed most of the winter months.

The "short swing" results in unemployment for a few weeks and causes what we might call casual unemployment.

Seasonal unemployment is especially hard on factory workers. Although their income is reduced or cut off entirely it is only temporary, and as a result they deliberately remain idle, waiting for a return of a full working week while their expenses continue. The factory often does not reopen usually until long after the anticipated date and often only one half of these formerly employed are asked to report to their bench on the opening day.

11--Cyclical Changes

This causes unemployment for which the laborer is not prepared. The cycle cannot be foreseen and once it arrives its duration is indefinite. Some cycle theories have been presented which vary in length from a few months to forty years. There is no doubt about its arrival eventually, however, as our modern economic order demands readjustment periodically and the business cycle with unemployment is the result. The business cycle comes with such regularity that it seems evident that it is directly related to the industrial growth and commercial expansion of our country.

Readjustments, which cause a business cycle, are the result of numerous and somewhat obscure fluctuations in industry. If we could determine the cause of the business

cycle we could probably find it is a combination of mal-adjustments beginning with raw material production and running through manufacturing and distribution. Changes in demand, and changes in production methods also have an important reaction on the business cycles which causes so much unemployment.

In cyclical unemployment certain workers are affected more than others. Industries demanding large capital investments, such as in building houses, machinery, and ships are particularly sensitive to cyclical trends.

12--Changes in Location of Industries

It often becomes advisable for a firm to move its location to another city or another state. Unless its old employees are invited along unemployment results for a long period for many of the former workers. A firm may move because (1) it outgrows its old plant; (2) it wishes to be nearer the source of raw materials; (3) a low tax area saves, and (4) of a better labor supply elsewhere.

The United Soda Fountain Company of Lincoln Street Allston, closed its factory in 1929 and moved into newer and bigger quarters at Walnut Street, Watertown taking over the American Soda Fountain Company's factory there and consolidating with them.

Many of our mills moved to the South to be near the source of raw material and cheap labor there. The pop-

ulation of many of our principal cities declined from 1913 to 1930 as a direct result of manufacturing firms moving out of the state.

Another indication of the change in location of industry was given out February 12, 1932 when the Pacific Mills entered into a two year contract for the razing of two of its largest mills. One of the buildings known as Mill C-1 is one in which the company started cotton operations more than 80 years ago. The razing of these buildings follows the announcement that the company has decided to abandon all cotton manufacturing in Lawrence and concentrate such activities at their plants in Dover, New Hampshire, and the South.

The United Drug Company opened another factory in St. Louis, Missouri in 1921 and the output in their factory on Forsythe Street was immediately reduced because the St. Louis factory supplied the mid-western demand. Less production here meant less employment of course.

Massachusetts was at one time the most important shoe manufacturing state, but in 1930 it produced only about 23% of the production in the United States. Total shoe production was 304,169,748 pairs and of these Massachusetts produced 69,510,470 pairs. * Massachusetts did however, produce about 30% of all the women's shoes manufactured in the country.

* "The New England Letter" pub. by First Nat'l Bank of Boston, P. 4

Other producing states are Illinois, New Hampshire, Maine, Wisconsin, Pennsylvania, and Ohio.

It is safe to say that this change in location of shoe manufacturing in the United States has caused Massachusetts a tremendous amount of unemployment in Brockton, Boston and Lynn.

13--Changes in Demand

Many firms are forced out of business due to changes in demand which of course adds to our unemployment. If a firm is flexible enough to change with the shift in demand it may enjoy a new prosperity, but unfortunately for the employees many executives persist in their particular manufacturing line until it is too late to change.

For household refrigeration we have all noticed the transition from natural ice to electric refrigerators. The Boston Ice Company of Boston felt the change and after disposing of dozens of their horses, teams and men are endeavoring to meet the change in demand by selling coal and range oil along with meeting a diminished demand for ice. This company should prosper under such management. The Boston Ice Company has retrenched, but some of our large coal companies cannot meet the range oil competition so easily. The coke industry is taking on a new importance due to a cheaper method of production which has been responsible

Other products of the same kind are also available.

These products are available in various quantities.

It is also to be noted that this product is available in various quantities.

Some manufacturing in the United States has been done.

However, a substantial amount of this product is imported.

See, Boston and New York.

13--Dresses in Dressing

These items are listed in the following table.

To change is listed under the heading of the same name.

Item. It is also to be noted that this product is available in various quantities.

The unit is listed in the table under the heading of the same name.

Unfortunately for the majority of the population, the unit is not available.

In their respective communities, the unit is not available.

See, Boston and New York.

The following table lists the items which are available.

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See, Boston and New York.

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for a lower price. The New England Coke Company is prospering as a result while coal companies are not doing so well. Oil is in demand for heating where coal used to be used. Such changes in demand cause large unemployment unless they are gradual and labor can be reabsorbed.

The Radio Industry is enjoying years of prosperity due to an indulgent public and for a few years about 1928 and 1929 the demand appeared almost insatiable.

The Thomas G. Plant Shoe Company of Center Street, Jamaica Plain, Massachusetts is an excellent example of what a change in demand will do. At one time they manufactured 17,000 pairs of shoes per day, and employed 4,000 people. They were the largest manufacturers of women's shoes in the world from 1910 to 1913. Due to a change in demand shoes manufactured for stock were liable to cause a loss. Dealers observing the style trend were afraid to order and kept low inventory stock. The Thomas G. Plant Company as a result was compelled to move to a small plant in Manchester, N. H. The old Jamaica Plain Plant is now occupied by a dozen small envelope, box and furniture factories. The unemployment resulting when this company moved may easily be imagined. Where 4,000 were formerly employed there are now only a few hundred in the building. The

* Their display sign on building showed this.

for a lower price. The New England Telephone Company is
reporting as a result of its investigation that the
cost of wire is well below the cost of the material
used in the wire. This change in cost will
allow management to make more liberal and better
can be expected.

The Radio Industry is enjoying some of the
best of an industrial boom and for the year
about 1935 and 1936 the industry reported a record
sales.

The Thomas & Betts Manufacturing Company of Boston, Mass.
reports that the industry is in a position to expect
that a change in demand will be made in the near
future. The company reports that it has received
orders for 17,000 pairs of shoes for the year and has
produced 4,000 pairs. The company also reports that
orders of women's shoes is expected to be 175,000 in 1936.
Due to a change in demand the company has
been able to secure a loan. The company also
reports that orders for shoes and hats for women
are steady. The Thomas & Betts Manufacturing Company
also was reported to have a small plant in New York
City. The old Thomas & Betts plant is now owned
by a local small enterprise, but the Thomas & Betts
The management reports that the company is
well equipped to handle. The company also reports
that it has now only a few hundred in the field.

type of factories now operating in the old plant employs thousands less than the shoe manufacturing business did because they are of a warehouse type of industry in which comparatively few men are needed.

14--Deflation of Currency

It is proved by history that during periods of falling prices unemployment results. The depressions of 1873, 1894, 1921-1922, and 1930-1933 are examples.

Falling prices seem to go hand in hand with technological progress. We are working to produce goods at lower and lower costs. Lower costs bring lower selling prices, and lower profits per unit. In turn we get a lower price level and deflation sets in. This results in contraction of currency and credit. It aggravates the situation and a further fall in prices follows. Low selling prices retard production, and this slow production means more unemployment.

Reports by Henry Fuss of the International Labor Office showing statistics of eighteen countries and going back as far as 1920 clearly show that general price fluctuations have an important influence on employment, and if price trend is downward unemployment is certain to result.

There seems to be no doubt that prices fall if the total income of society does not keep pace with the production of goods and services. This is the condition

with which we now must contend, and which is a cause of unemployment.

15--High Wage Scale

Our wage scale is too high under present economic conditions, and as long as it stays too high we shall have unemployment.

A wage scale which is too high encourages the owner of a firm to pay more strict attention to efficiency of workers and to introduce labor saving devices. A wage scale that is too high means that the employer will hire as few men as possible and require them to work long hours.

During the war the wage level went skyward. Now trade and labor unions are reluctant to reduce the hourly wage scale and give up the advantage they have. Labor must cease to object to a cut in wages. As long as wages are kept above the marginal productivity of labor we shall have unemployment.

16--Scarce Capital

In the final analysis labor demands upon capital for employment. When capital is scarce and is not invested in expanding business, or in building up new industries a period develops in which we have unemployment.

If at this time capital could be interested in plant extension, or stock inventory increases, it would

with which we have been concerned, and which is a matter of unemployment.

13--High Wage Issue

Our wage issue is the high wage problem. It is a question of economic conditions, and as long as it exists we shall have unemployment.

A wage issue exists in the high wage problem. It is a question of economic conditions, and as long as it exists we shall have unemployment. A wage issue exists in the high wage problem. It is a question of economic conditions, and as long as it exists we shall have unemployment. A wage issue exists in the high wage problem. It is a question of economic conditions, and as long as it exists we shall have unemployment.

During the war the wage level went up. The labor and labor unions are reluctant to reduce the hourly wage scale and give us the opportunity to pay. Labor must be able to adjust to a new wage scale. As long as wages are high above the minimum subsistence of labor we shall have unemployment.

14--General Issues

In the high wage issue, labor demands more official for employment. When official is scarce and is not invested in expansion, it is difficult to get investment in a new industry in which we have unemployment.

If it is this time again, it is important to plant extension, as shown in the diagram, it is

be one means of putting hundreds of Massachusetts men back to work. Unfortunately these times are not considered good for engaging in a business expansion program due to lack of confidence.

Until such time as more capital is invested in large amounts in business expansion programs here we shall have unemployment.

17--Economy Measures

Ever since the Depression began factories, firms, and even the state and national governments have set up budgets based on more strict rules of economy. The worker is the first to feel the economy measures, with reduced incomes and then inevitably a period of unemployment. The American Telephone and Telegraph Company dismissed hundreds of young telephone operators in 1932. Those who were retained had to take one day off per week without pay. The Boston Elevated Railway Company in the interests of economy let hundreds of men go, even those who had worked on the car system for ten and fifteen years and were perfectly competent to continue. No excuses were made except that they must reduce the pay roll. One man cars were more prevalent in the desire for economy and the result was more unemployment.

In Massachusetts towns and cities, industry was

not alone affected. For a moment we may look at a Summary of the Survey of Economics in Education as of September 20, 1932. All towns and cities reporting numbering 355.

(1) In 25 towns and cities the entering age of admission to school has been advanced. This of course means fewer teachers will be needed. More unemployed.

(2) Subject offerings have been restricted by the elimination of teachers as follows:

<u>SUBJECT</u>	<u>NUMBER OF TEACHERS</u>
Music	40
Drawing	36
Manual Arts	30
Domestic Arts	31
Special Classes	11
Physical Education	31
Kindergarten	29
Supervisors of Instruction	4
Unclassified	7
Total	219

Two hundred nineteen teachers join the unemployed.

(3) The length of the school year has been reduced in 22 towns and cities which means more time in the army of the idle.

(4) Classes have been enlarged so as to make filling of vacancies unnecessary in 101 towns and cities.

Three hundred and ninety-three positions abolished:
More Unemployed!

(5) In 199 towns and cities expenditures for text books, supplies, and repairs have been reduced.

not alone affected. The amount of loss to the
 economy of the country is estimated at
 of September 19, 1918. All towns and cities except
 the following are:

(1) In the towns and cities the entire amount
 allocated to school has been advanced. This is because
 some extra payments will be needed. The amount of
 (2) Subject matter has been restricted to the
 elimination of subjects as follows:

NUMBER OF TOWNS	SUBJECT
10	Maths
4	Science
20	History
10	Geography
10	Physical Science
10	Physical Education
10	Kindergarten
10	Supervisors of Instruction
10	Unassigned
10	Total

Two hundred nineteen teachers have been assigned.
 (3) The number of teachers in the towns has
 been in the towns and cities which were also in
 the group of the first.
 (4) Teachers have been assigned to the towns
 filling of vacancies in the towns and cities.
 Three hundred and thirty-three teachers have been assigned.

These assignments:
 (5) In the towns and cities which were
 some towns, suggesting that the towns were

Less plumbing, carpenter work and painting being done.

(6) In 31 towns and cities reduction in expenditures for transportation has been made.

Fewer chauffeurs being used to drive busses.

In short the economy programs as relates to schools are like all others,--it makes more unemployment.

18--Reduced Purchasing Power

The reduced purchasing power of idle workers causes additional difficulty and results in more unemployment.

If the total money income of Massachusetts people is reduced, as it has been by a large number of unemployed, it is safe to assume that these idle workers will spend less than when they were earning their week's pay. The demand for luxuries will fall off almost completely. The bare necessities of life will be all that the unemployed man can purchase. The purchasing power of all the unemployed workers has been reduced. Less men are now required to produce those necessities which he does buy, and this latter means more unemployment. Thus unemployment breeds unemployment, and a vicious circle is set up.

These findings, however, were not of great value.

(b) In the early and middle stages of the disease,

there is a marked increase in the number of

leucocytes in the blood, and this is

in part due to the fact that the

leucocytes are also at a stage of

15-20 times normal.

The normal percentage of each of the

various additional elements and results in this

process.

If the total number of leucocytes is

increased, as it may be up to a point of

100,000, it is not a disease but a

condition which may be due to many

causes. The disease is usually

fatal. The most common cause of this

condition is the leucocytes

of all the leucocytes which are

then are not required to protect

the body against the disease.

That leucocytes are not

active in the

SOME UNEMPLOYMENT STATISTICS

With unemployment as one of the greatest results of depression a glance at some employment statistics of Massachusetts would now seem to be in order. We all know from our observation the great number of unemployed, but few of us know the extent to which it complicates and influences the trend of the depression. In manufacturing establishments in the state, we find the index number in 1933 down to 56 with 100 - 1925-1926-1927 three years average. To show the high and low spots figures are as follows:

100 equals the 1925-1926-1927 Average

<u>YEAR</u>	<u>RATE</u>
1925 average	100.4
1926 average	102.6
1927 average	98.4
1928 average	93.4
1929 average	91.9
1930 average	85.1
1931 average	72.5
1932 average	65.2
1933 average (January)	58.1
1933 average (September-N.R.A.)	75.1

The above figures were taken from the annual census of manufacturers and monthly report of the Massachusetts Department of Labor. 1925-1926-1927 average was 590,616 wage earners.

It will be noticed that the low point of employment was reached in June 1932 when only 50.4% of the 1925 to 1927 average number of workers were employed or about

UNEMPLOYMENT STATISTICS

With unemployment at one of the highest levels it has reached in a long time, the Bureau of Labor Statistics of Massachusetts would not be in order to all know from our investigation the exact number of unemployed, but few of us know the extent to which it has increased and influenced the trend of the economy. In analyzing unemployment in the State, we find the index number in 1933 down to 58 with 100 = 1923-1924-1925-1926-1927 three years average. To show the high and low spots figures are as follows:

100 equals the 1923-1924-1925-1926-1927 average

DATE	INDEX
1923 average	100.0
1924 average	100.0
1925 average	100.0
1926 average	100.0
1927 average	100.0
1928 average	100.0
1929 average	100.0
1930 average	100.0
1931 average	100.0
1932 average	100.0
1933 average (January)	58.1
1933 average (September-December)	58.1

The above figures were taken from the annual report of the Commissioner and monthly report of the Bureau of Labor Statistics of Massachusetts. 1923-1924-1925-1926-1927 average was 100, 010 wage earners. It will be noticed that the low point of unemployment was reached in June 1933 when only 58.1% of the 1923-1924-1925-1926-1927 average number of workers were employed or about 58,000.

297,670 workers. It will be noticed that since then there has been an upward trend, except for a temporary recession in the latter part of 1932 and early 1933. The operation of the N.R.A. program is perhaps largely responsible for the recent upward movement.

If we go back to 1919 we find the number of wage earners in Massachusetts manufacturing establishments to be 713,836, and in 1933 to be only 434,188. The following figures will indicate the trend from 1919 to 1931 in major industries:

	1919	1931	Increase	Decrease
All Industries	713,836	434,188		279,648
Boots and Shoes	80,166	47,644		32,502
Shoe Findings	10,527	6,463		4,064
Woolen Goods	53,864	37,221		16,643
Cotton Goods	122,499	46,990		75,509
Printing	13,661	13,224		437
Electrical Supplies	23,889	20,055		3,834
Dyeing	12,321	13,060	739	
Bakery	8,583	10,078	1,495	
Foundry	27,801	14,748		13,053
Clothing	13,127	14,052	925	
Paper	12,960	10,652		2,308
Leather	15,180	8,658		6,522
Rubber Goods	9,600	6,728		2,872
Meat Packing	4,307	2,123		2,184
Gas and Heating	2,654	3,304	650	
Confectionery	10,753	5,943		4,810
Knit Goods	12,751	7,636		5,115
Boat Building	18,804	4,846		13,958
Furniture	6,342	6,153		189
Textiles	17,413	7,527		9,886
Silk Goods	5,697	6,939	1,242	
Totals	1,196,735	728,252	5,051	473,534

* Computed from Dept. of Labor reports 1919 to 1931

Thus for the total we find a decrease of 279,648 workers. Most industries decreasing the number of employees and only a few having increases. The dyeing, bakery, clothing, gas, and silk goods businesses had increases totaling only 5,051 workers, in the twelve year period 1919 to 1931. A truly small increase compared with the tremendous decrease in all other lines. The greatest decrease in number of employees was in the cotton goods manufacturing where 75,509 were put out of employment. In the ship building line only about 26% of the number employed in 1919 were plying their trade by 1931. The latter figure represents the greatest percentage of decrease in any of the lines indicated.

During these years 1919 to 1931 it is interesting to notice the percentage of women workers in relation to men engaged in manufacturing. Women in industry continue to comprise somewhat less than one-half of the total number of men and despite the depression this fraction has not changed appreciably. In 1930 the number of men were 334,663 and women 146,786. It appears we have a larger percentage of women workers in Massachusetts than in the United States as a whole. In the last Federal census there were in the United States:

Male workers	33,064,737
Female workers	<u>8,549,511</u>
Total	41,614,248

* "Annual Report Dept. of Labor and Industry 1933 p.86
 ** From an item in the Boston "Post"

There has been a steady decline in the number of...

workers. Most industrial countries have experienced...

workers and only a few have experienced a decline...

industry, mining, and other sectors...

industries including only 2,000 workers, in the...

year period 1970 to 1980. A truly small industry...

failed with the tremendous reduction in its...

The greatest decline in the number of workers was...

the British steel industry which lost 25,000 jobs...

out of employment. In the same period the...

loss of the number employed in 1970 was 10,000...

since 1970. The latter figure represents the...

percentage of decrease in each of the steel...

During these years 1970 to 1980 it is...

to notice the percentage of workers in...

has changed in manufacturing. When in 1970...

it was 100% in manufacturing, in 1980...

it was 80% in manufacturing and 20% in...

and 10% in services. In 1970 the number of...

10,000 and 10,000. It is not a large...

percentage of workers in the steel industry...

United States as a whole. In the steel...

there were in the United States...

10,000
10,000
10,000
10,000

* Annual Report of the Department of the Interior
as of 1980 in the United States

This may be explained by our large manufacturing plants in which thousands of women are employed because they will accept less wages, and on certain machine operations as in woolen mills, they can work just as efficiently as men.

Despite the general improvement in manufacturing the building trades are still in bad shape both in decreased amount of earnings, and increased unemployment. This business is a seasonal one, but taking this factor into consideration it should show more improvement than it is doing. With the year 1928 to equal 100 as an index base figure we find: *

August 1931 equals 73.1
 August 1932 equals 40.7
 August 1933 equals 31.5

In other words the building trades employed in August 1933, 4,640 tradesmen or only one-third their 1928 employment level. The lowest employment in the trades was in March 1933 when it was only 21.2% of the 1928 base figure.

The above figures are all from the Massachusetts Department of Labor for the years quoted.

It may be of some interest to notice National unemployment statistics for the past four years up to October 1933: **

* Mass. Dept. of Labor Press Report Months Mentioned.
 ** From Boston "Post". November 27, 1933

This may be explained by the fact that the
period in which conditions of work are highly
they will expect less wages, and in certain cases
operations as in other mills, and the fact that in
relation to the

During the current year, the
and the following figures are given in the
increased amount of earnings, and the following
This business is a seasonal one, and during this
into consideration it would show more irregularities than
it is being. With the year 1935 as a base 100 as of 1934
these figures are given:

August 1931 equals 75.1
August 1932 equals 75.7
August 1933 equals 75.7

In other words the earnings index equals 75.1
August 1931, 75.7 August 1932, 75.7 August 1933, 75.7
index as against 1931. The index as against 1931
equals 75.1 when it was 100 in 1931. The
1935 base figure.

The above figures are all from the Department
Department of Labor for the period covered.
It may be of some interest to note that the
highest statistics for the past four years are as follows:

1935
1934

1930

September	4,150,000
October	4,639,000
November	5,364,000

1931

September	7,313,000
October	7,778,000
November	8,699,000

1932

September	11,767,000
October	11,586,000
November	12,008,000

1933

September	10,065,000
October	10,076,000

The peak of the A. F. of L. figures is for March of this year, with 13,689,000 out of work.

Despite all our programs for relief work of every kind, unemployment is probably the greatest cause of suffering and will probably continue to be for many years.

HOW TO STABILIZE EMPLOYMENT

Can Employment be Stabilized?

This question is a difficult one to settle to the satisfaction of all concerned, although is a universal desire to see employment stabilized, as this would automatically mean that business would be stabilized.

September 1, 1933
October 1, 1933
November 1, 1933

September 1, 1934
October 1, 1934
November 1, 1934

September 1, 1935
October 1, 1935
November 1, 1935

September 1, 1936
October 1, 1936
November 1, 1936

The year of 1936 is the year of the
of this year, with 1936, 1937 and 1938.

Despite all our progress in the field of
kind, unemployment is still a serious
suffering and will remain so for some
years.

HOW TO STABILIZE EMPLOYMENT

The Importance of Stabilization

This question is a difficult one to answer to the
satisfaction of all concerned, although it is a matter of
desire to see employment stabilized, as this would mean
nationally mean that business would be stabilized.

However, a complete stabilization would mean virtual stagnation, and no progress, but there is little likelihood of this as long as men continue to be ambitious and avaricious as they have always been.

It appears that the manufacturers must lead the way toward stabilization in industry, for certainly the employees cannot do so. If, by taking the initiative, the employers can plan to employ a definite number of men throughout the year, they will be doing a most wonderful thing for themselves, for the workers, and for business in general.

We agree then that business could be stabilized, but probably never will be. Along what lines of endeavor shall we seek to stabilize employment? There are many ways to do this.

The Massachusetts Commission on Stabilization of Employment notes three broad lines of approach to the problem:

1--Regularization of Industry to reduce the extent of fluctuation in the demand for labor.....

2--Better organization of the labor market to shorten the period of unemployment.....

3--Increasing the employability of workers.....

These general suggestions embrace all the definite plans in the following paragraph.

Plans for Employment Stabilization

There are many plans which are being effectively used to form a nucleus for future stabilized employment. Some of these plans are as follows:

- (1) Advertising and pushing sales in the dull season.
- (2) Creating new market to be produced in dull season.
- (3) Diversify the market to side step seasonality.
- (4) Share the work plans.
- (5) Secure orders early to provide even employment.
- (6) Six hour day and five day week.
- (7) Public Works programs.
- (8) Simplification of the Product.

A discussion of these various plans follows.

1. Advertising and Pushing Sales in Dull Seasons

Many see advertising as a means of increasing consumer demand as it is said to bring production nearer to a steady level of production and thus employment will be stabilized. Advertising will also bring forth idle funds. By pushing sales, money which otherwise might be put into savings banks is diverted into making purchases. More goods are thus consumed and more must be manufactured to fill a further demand.

TRANS THE TRANSLATION

There are many plans and some of them are
used to form a nucleus for further development.

Some of these plans are as follows:

(1) Investigation and research work in the field

of

(2) Developing new methods to be employed in the

field

(3) Dividing the material as to its complexity

(4) Giving the work a plan

(5) Making a study of the material even though

it is

(6) Six hour day and five day week

(7) Public work program

(8) Organization of the material

A discussion of these various plans follows.

1. Investigation and research work in the field

They are considered as a means of obtaining

information and as it is not to be used in the

field of investigation and the results

will be published. Investigation will also

be used in the field of investigation and the results

will be published. Investigation will also

be used in the field of investigation and the results

will be published. Investigation will also

be used in the field of investigation and the results

No doubt good advertising does stimulate business, and it will definitely help stabilize employment. Excessive, successful advertising however, will tend to accentuate the prosperity swing to a level which cannot be maintained. Subsequent depression conditions would tend to follow during the period when consumers would be using the goods purchased, and thus an unguided advertising could defeat its own purpose. Advertising to be highly effective must consider the relation between supply and saturation point, (if there really is such a thing) if it is to stabilize employment over a long period.

Advertising which does the most to stabilize employment is that type which gets money into business and circulation which would otherwise not be spent. In addition it must not represent money that otherwise would have been spent later in the same year.

Year round advertising will do this. The Aberthaw Company of Boston, general contractors, advertise that winter construction is cheaper in an effort to keep busy all winter. The Ruud hot water heater manufacturers after advertising their product for seven years developed July and August as some of their best months by good consistent year round advertising. The New England Confectionery Company of Cambridge emphasizes maple flavored candies in the spring when the sap runs.

No more good advertising will be done
and it will definitely help credit - advertising -
concrete, successful advertising however, will find
success. The prospecting agent is a man who is not
restrained. Advertising is a business and it
tends to follow during the period when business is
not doing too much business, and then it is engaged in
advertising could help the man business. Advertising is
a highly effective means of advertising. The advertising agent
supply and demand agent. It is a man who is not
than it is to establish business over a long
period.

Advertising agent does the most to establish
business in that time when business is not doing
and circulation agent is a man who is not
In addition it must not represent money and otherwise
would have been spent in the same way.
Your own advertising will be sold. The question
Company of London, general advertising services that
winter advertising is a man who is not
may all winter. The man who has winter advertising
tends after advertising their product for winter years
developed July and August as a man who has winter
by good conduct of your good advertising. The man who
and Conference Company of London, general advertising
people favored action in the spring when the man

The Boston Ice Company advertises coal and range oil all winter when the ice season is dull. The Moxie Company of Roxbury is a consistent annual advertiser and have tremendously enlarged their plant due in a large measure to extensive advertising.

2. Creating New Market for the Dull Season

This is easier said than done, but enterprising manufacturers can with persistency eventually find a product. Indeed in some instances the off-season product assumes major proportions and even eclipse the original in importance. Old time bicycle stores have become automobile accessory shops, and drug stores now sell hundreds of articles which no orthodox druggist would handle with dignity ten years ago. Confectionery stores are constantly broadening their line of stock to include articles formerly sold only in a drug store, and thus it is in the retail stores, each trying to build up a demand to fill up the gap in seasonal requirements. Woolworth's five and ten cent stores now sell a complete delicatessen line.

H. P. Hood made a great success of their Hoodsies, and other companies put out "Eskimo Pies" and "Popsicles" to sop up loose nickles.

Armour and Company produce animal by-products to use as an anti-freeze for automobiles in the winter which helped them to get an even flow of annual business.

Mel-o-ripe Bananas, and Forty Fathom Fish, have been great successes at building up a new market for products which have a dull season. The United Fruit Company increased its winter banana sales here by packing a carton of "Unifruit" bananas covered with seaweed. Cranberries used to be a Thanksgiving and Christmas dish, but now we have them most all the year. In such a manner a new demand has been built up.

3. Diversifying the Product to Side-Step Seasonality

The best way to side-step seasonality is to diversify the product. In Massachusetts dozens of large firms have found the approach to stabilization by this method. There is always the danger however, that the new product may grow to a point where it will develop a seasonal peak of its own which will interfere with the major production schedule. In this connection the American Soda Fountain Company of Boston had great difficulty in operating a silverware plant all winter, and a soda fountain manufacturing establishment all summer. The great plant had to have many readjustments before work could start each season when the date for the change arrived. Eventually they dropped the silverware business entirely.

The Hood Rubber Company marketed an imitation suede colored overshoe so women would wear them in wet weather as they were thought to be more inconspicuous than

Self-sufficient...
...which have a full...
...the whole...
...a certain...
...used to be...
...but now we have...
...a number...

3. Diversifying the products in the sugar industry

The best way to...
...the product...
...have found...
...There is always...
...new product...
...a seasonal peak...
...major production...
...which have...
...only in operating...
...a soda...
...The great plant...
...work could...
...arrived...
...entirely.

The first...
...made...
...weather...

black, and more attractive. They also developed a canvas footwear for out of doors.

Alphabet noodles and animal crackers are variations of staple products which assist their sales.

In downtown Boston, sandwich stores now display stuffed chickens to take home. If they do not sell a sandwich they may still get a customer for their temptingly displayed stuffed chickens. Graton and Knight of Worcester added a miscellaneous line of leather goods to their belt manufacturing business. The Boston Woven Hose and Rubber Company have extended from garden hose to fire hose, belting, rubber heels, etc. The Gilbert and Barker Manufacturing Company of Springfield are now producing oil burners to fill in between seasons of making oil pumps. The Carters' Ink Company now sell fountain pens, mechanical pencil and desk sets in an effort to stabilize their winter sales.

In general the nearer the diversified product is to the original the easier it will be to market it and at the same time to keep close contact with buyers of the stable article.

(4) Secure Orders Early to Provide Even Employment

Much of our seasonal unemployment could be avoided by advance ordering throughout the year. Since 1921

dealers have been doing hand-to-mouth buying. Manufacturers have in a measure been responsible for this movement by encouraging the elimination of the middleman, thus speeding up the time between the manufacture of an article and its final sale to the consumer. Where the wholesaler formerly held the stock from which to fill retail orders, the manufacturer is now often obliged to do it.

In a falling price market the retailer is afraid to order in advance because he will not make enough profit, and he may even lose on the deal. In a rising market he will be anxious to give advance orders. During a rising price market, and prosperous times, advance ordering is never so necessary as in a falling price market when it is needed to stimulate business.

Years ago we had apparently a perpetual sellers market, but since 1921 we have had a buyers market in which the buyer dictates where, when, and how much he shall buy. This has operated much to the detriment of any plan for employment stabilization. Manufacturers have to operate with a skeleton force until an order arrives when a rush starts for a short period followed by another period of unemployment and the cycle is repeated.

Manufacturers endeavor in many cases to stabilize their manufacturing. They point out reasons why retailers

should give advance orders, such as prompt delivery, better workmanship and care when there is no rush, certainty to get the merchandise on display when season opens, etc. The manufacturers are always anxious to do anything which will stabilize their business and they make many concessions to secure advance orders. The Schraft Company of Boston permits a retailer to cancel part of his advance order if he finds he will not need it. A. B. Farquhar Company of Boston gives generous discounts as an incentive for dealers to place advance orders. The Hood Rubber Company will stock a dealer long before the fall season opens, but the bill need not be paid until well along in the winter. Bauer and Black, a part of the Kendall Company, give advance datings. Indeed many firms even protect the retailer against a drop in prices as an incentive to place orders in advance.

All of these schemes seem to find approval in operation. They are successfully applied usually and work out just as intended and as a result both industrial and employment conditions have been somewhat improved.

In the above discussion we have mentioned methods of stabilizing business in order to stabilize employment. Now let us see what the employers of men are doing to keep their working force busy during long periods of the year. There are several plans, the most important and

most common of which is to spread the work. The second is to instruct the workers in more than one type of work, and a third is to apply the principle of "flexible hours".

(5) Share the Work Plans

The system of sharing the work, dividing the work, staggering the work, or sharing unemployment as it has been variously called has met with the approval of employers in general. Employers are selfishly reluctant to discharge a good worker permanently. They keep a good worker by giving him part time work and when business picks up he is readily available. From the point of view of the workers most of them would far rather have this part time employment than be discharged for long periods, so this method seems best from the point of view of both employer and employees.

The share the work movement has three objectives:

- A. To check upward trend of unemployment.
- B. To decrease unemployment by spreading the work.
- C. To employ additional workers rather than work long schedules when business volume increases.

Hundreds of companies in Massachusetts have engaged in share the work movements. Some of them are the New England Confectionery, Eaton Pike and Crane, Scoville Manufacturing, Carter's Ink, Dennison Manufacturing, Kendall Mills Division of Kendall Company and many smaller

most common of which is the use of the word "and" in the sense of "also" or "in addition". This is a common error in the use of the word "and" in the sense of "also" or "in addition".

(2) And and Also

The use of "and" in the sense of "also" or "in addition" is a common error. It is often used in the sense of "also" or "in addition" when it should be used in the sense of "and". This is a common error in the use of the word "and" in the sense of "also" or "in addition".

- The above list of errors is not exhaustive. It is only a list of the most common errors. There are many other errors that are also common. The following are some of the most common errors:
1. To use "and" in the sense of "also" or "in addition".
 2. To use "also" in the sense of "and".
 3. To use "in addition" in the sense of "and".
 4. To use "and" in the sense of "also" or "in addition" when it should be used in the sense of "and".
 5. To use "also" in the sense of "and".
 6. To use "in addition" in the sense of "and".

firms.

Sharing the work takes on various aspects, rotated days off being very important. The American Telephone and Telegraph Company in Massachusetts did not discharge any of its operators, but each one was obliged to take one day off per week with no pay. No new operators were hired and those who left the service of the company were not replaced. It is estimated that 35,000 employees would have been discharged by the American Telephone and Telegraph Company except for the share the work plan invoked.

It is also estimated that the Hotels Statler Company Inc. maintained 1,400 employees, and the Standard Oil Company retained 3,000 employees by the share the
*
work plan.

The National Government follows a scheme in many of its departments such as the postal service, whereby all employees are retained, but each must take days off, and lose their annual vacation in an effort to economize. The Boston and Maine telegraphers who ordinarily work a seven day week have agreed to a six day week to assist unemployed operators. More than three hundred men will be affected including telegraph operators, power men, ticket agents and their assistants.

Share the work plans are not looked upon as favorably by employees as the thirty hour week with no re-

* From Booklet report of Fed. Res. Banking and Industrial Committee.

duction in wages. Share the work plans will not help restore general prosperity. The employee is obliged to bear the entire burden of a reduced income. Each family has less to spend and the misfortune of unemployment is merely spread. It is agreed by all that the plan has one great advantage in that the burden of unemployment is spread more evenly even though some workers are poorer as a result. On the whole share the work plans operate to the benefit rather than to the detriment of employees and in times of difficulty are to be encouraged.

The New England Confectionery Company rotates the work among employees in the dull season in order that each may get some of the work and the General Electric Company follows the same policy in dull seasons.

(6) The Six Hour Day and Five Day Week

In Cincinnati, on November 27, 1932, William Green, President of the American Federation of Labor expressed the opinion that if the thirty hour week were universally adopted, the slack of unemployment would be taken up. He added, voicing the opinion of labor, "It is clearly evident that the time for a shorter week has arrived."

Labor claims the thirty hour week without reduction in pay must be eventually adopted for three reasons:

A. Production methods have, during the past 25

years, undergone a revolutionary change as the result of the mechanization of industry; labor-saving devices have constantly been cutting down the number of operatives necessary to maintain production.

- B. The earnings of these new processes of production have not been distributed equally or fairly.
- C. Many abuses have developed from the concentration of financial power in a few hands, and the loss of purchasing power through the creation of unemployment on a large scale.

The reports of the United States Department of Labor show that the average employee in 1932 works a forty-four hour week. The rate of production in the last ten years has increased almost seventy-five percent per worker which of course increases the amount of unemployment. If the present 44 hour week is to be maintained workers should receive a 25% wage increase due to their tremendous production increase. It is therefore advisable, from the standpoint of labor to have a shorter working week and there will be a tremendous decrease in the number of unemployed and no drop in consumer purchasing power.

There is not much chance for a thirty hour week being generally adopted in industry yet, as "big business"

seems to object. It is claimed by Stuart Chase in the New Republic for October, 1931, that about fifty large corporations and holding companies control almost one-half the business of the country. Until these accept a thirty hour week most of the business of the country will continue on the present basis, and the National Recovery Administration's codes.

(7) Public Works Program

Without regard to what the other parts of the country may do to stabilize employment this state has within itself the seeds of temporary stability, in its public works program. Each year there is a growing necessity for permanent improvements needed in construction of highways buildings, parks, etc. The total amount expended in the state of Massachusetts for permanent improvements rose from \$6,446,000 in 1921 to \$25,054,000 in 1930.

It is easy to overestimate however, the relative importance of state public building as compared to private building. Let us look at the figures for 1930. For every \$3.00 spent for state buildings, \$97.00 was spent on private buildings. Also, we must bear in mind that in 1930 there was comparatively little private buildings whereas State construction was at a maximum. Despite the small percentage of the total wage earning population employed in State construction it is never-

theless advisable to continue with a state program as a means of stabilization.

The total expenditures during the ten year period 1921 to 1930 inclusive amounts to \$156,303,000. It is evident from these figures that there is a tremendous amount of public works construction which if done at the right time may be a most valuable device to stabilize employment.

The special Commission of Stabilization of Employment in Massachusetts outlined six problems to be met in forming a stabilization control plan:

- A. It must provide more work in construction without decreasing the demand for labor in other industries.
- B. It must provide more work in times of depression without creating unemployment later.
- C. It must increase construction during depression without delaying the revival of business after depression.
- D. To meet the requirements of the first three problems, the control plan must be financed in such a way as to provide the State with the necessary funds without taking them from funds that would have been spent during the same period for other purposes.

E. It must be administrable under Massachusetts law without too serious amendment.

F. It must not cost the taxpayers of the Commonwealth more than the greater stability it produces is worth and should be adapted to the State policy of pay as you go.

These are the real problems and it will be most difficult to meet them all.

It is often stated, that our State construction work on highways employ comparatively few men because of the extensive use of machinery. Facts and figures are available which may be used to refute this statement, and they may now be submitted to prove that State Public Works do appreciably assist in any program of stabilizing employment. The average for contract labor is 27.2% and town labor is 31.9% on every dollar spent in construction. ^{*}

The amount labor receives varies with the type of construction as would be expected. The Emergency Planning and Research Bureau, Inc., found that direct labor received only 24% of the cost of one office building, while on another structure built in 1931-32 in Boston, direct labor received as high as 53% of the total cost. ^{**} In Cambridge, direct labor received over 51% of the cost of a technical school recently completed. It seems that on a fair average labor receives about one third of the cost

* Final Report Mass. Stabilization of Employment Commission. Page 169

** Ibid. p. 169

1. It must be established that the defendant
has committed the offence charged.
2. It must not be shown that the defendant
was acting under duress or coercion.
3. It must be shown that the defendant
acted with the necessary intent.
4. It must be shown that the defendant
acted with the necessary knowledge.
5. It must be shown that the defendant
acted with the necessary recklessness.

It is also stated that the defendant
acted with the necessary intent.
The evidence for the defence is that
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of the construction of buildings.

On road construction in Massachusetts it appears that direct labor on the job receives about \$200,000 on every \$1,000,000 expended, or about one-fifth of the money. ^x At this rate in 1931 for every million dollars spent on roads more than 7,000 "man-weeks" of work at the average wage of \$28.50 per week were provided. In other words 1,000 men could get work for about seven weeks directly on the roads.

It is of course significant to notice that in any Public Works program there is a tremendous amount of indirect labor which would be an important factor to consider toward employment stabilization. The United States Bureau of Public Roads estimates that \$850,000 ^{xx} of every \$1,000,000 (85%) ultimately goes out in wages. Money not paid directly to labor on the job goes to those employed in activities such as supplying materials, tools, equipment and transportation and in producing and selling goods.

The New Jersey Contractors Association places a somewhat lower figure of \$760,000 ^{xxx} out of every \$1,000,000 (76%) as paid out in wages both direct and indirect.

It therefore seems advisable for Massachusetts to plan for State construction to stabilize employment especially during periods of depression. The cost of both materials and labor will be lower and the State will make

x Final Report Mass. Stabilization of Employment Com. p. 169

xx Ibid. p. 167

xxx Ibid. p. 167

great savings, while at the same time unemployment would be reduced.

Some definite plan should be provided which in the future will help stabilize employment. The State should operate on the recommendations of a Public Works Planning Board.

(8) Simplification of the Product

This is the last of the eight plans suggested for employment stabilization. It involves the elimination of lines showing a slow turnover, and developing those with quick turnovers.

Simplification of the product is undertaken by the manufacturer, as Edwin W. Ely, Chief of the Division of Simplified Practice says, "to have more economical manufacture through less idle equipment, better scheduling of work, accurate costs accounting, long runs on large units, simplified packing, simplified material inventory and reduced cost per unit, more efficient labor through less seasonal fluctuations, increased individual output, greater skill of workmen, ease of training employees, simpler and better inspection, smaller labor turnover and greater earning power".

Although the above is a complete list of benefits for the manufacturer we should not fail to notice that throughout we find labor vitally concerned. Let us take

some of the above mentioned manufacturers' reasons for simplifying the lines and see what effect they have on stabilization of labor.

A. "Less idle equipment." If the equipment is busy it is the workers who make it so. Simplification of a product without doubt will tend to keep men busy producing.

B. "Better scheduling of work." The manufacturer can try to determine his potential market some weeks in advance. He can then arrange his factory schedule to provide what is exactly required to be produced by a certain date. He knows what he must manufacture, and how long it will take and he proceeds to do so and employment is materially stabilized.

C. "Long runs on large units." When the line is simplified larger units may be produced at reduced cost per unit. Carter's Ink Company of Cambridge is constantly endeavoring to keep down the number of styles in the fountain pen line in order that larger lots may be manufactured at low unit cost and no loss will result from style obsolescence.

D. "Simplified packing." With a standard sized product predetermined, a process of simplified packing may be easily arranged. Boxes and cartons in which to pack the products neatly assist in speeding up packing

room work and tend to give the product a more appealing appearance. This tends to increase demand and eventually more workers are needed to supply this demand.

E. "Simplified Material Inventory." With a simplified product a manufacturer is not afraid to manufacture for stock. In fact producers frequently add a few dozen units to factory orders. There will be retained for stock and rush orders may be quickly filled from stock. This is directly opposite from the now common hand-to-mouth policy of many manufacturers. The new policy of simplification of the product assists workers in that they are kept busy producing for stock even during a seasonal slump as the manufacturer knows he will dispose of his stock when the season reopens.

The Morgan Construction Company of Worcester notices that the manufacturing for stock is more practical now than it was a dozen years ago, due to standardization and simplification. It seems that the simplification of products is the partial answer to our unemployment problem.

WAGES IN MASSACHUSETTS

With the depression, workers lost their jobs, or if they were fortunate enough to be retained on full or part time work they were compelled to take a reduced

wage. This reduction was in most cases from about ten to thirty percent less than they received before economic ills stifled business. During the last three years since 1929 wages have had a definite downward trend. From 1929 to the beginning of 1932, actual wages for all manufacturing workers dropped from .592¢ per hour to .538¢. The average weekly earnings were reduced from \$29.17 in October 1929 to \$20.74 in December, 1931. On this index base figure (1923 = 100) the weekly earnings dropped from 109.6 to 77.9 in the period just mentioned.

Part of this drop in wages can be explained by the shorter working week which dropped to an average of 38.8 hours per week in December 1931 as compared with 49.3 hours in October 1929, and 51.5 in July 1914. The above information was computed by the National Industrial Conference Board, from a study of twenty-five representative manufacturing plants and indicates the general trend of hourly wages, weekly wages, and length of working week in manufacturing.

The Massachusetts legislature, always anxious to assist workers, passed a law to help make sweat-shops less profitable. The bill introduced by Representative Thomas Dorgan of Dorchester, provides that a \$300 fine be imposed on employers of women and children who fail

* Computed from Mass. Dept. of Labor Reports

** Wages in the United States in 1931 Page 72. Published by National Industrial Conf. Board

to keep a record of the names, addresses, and occupations of all women and minors in their employ, or fail to produce these records in court at the request of the Massachusetts Department of Labor. The bill will in a similar measure assist to keep wages higher, prevent a greater spread of sweat-shops, and serve to have employers keep records for state reference.

In the City of Boston thousands of city employees had their pay cut in 1933, with salary reductions ranging from five to fifteen percent. Mayor Curley admitted before the Boston City Council that the policy of wage reduction was economically unsound, but necessary due to rising costs of city maintenance.

In Haverhill, about 6,000 shoe workers went on strike for higher wages claiming they could not live on the low wages they were receiving. The strike was successful and on March 25, 1933 they received an average increase of 20% for a period of one year, when another wage adjustment will be made. * This strike and subsequent increasing wages 20%, conformed exactly with President Roosevelt's view in a speech May 5, 1933 before the Chamber of Commerce of the United States when he said, "The average of

* Boston Post March 27, 1933 Page 2

the wage scale of the nation has gone down during the past four years more rapidly than the cost of living, and as a matter of national justice the wage scale should be brought back to meet the cost of living now." President Roosevelt later invoked the National Recovery Administration program to carry out his policy which has been very effective and is discussed in a subsequent chapter.

PAYROLL STATISTICS IN MASSACHUSETTS

To indicate the trend of weekly payroll earnings in Massachusetts' manufacturing establishments we must refer to statistics. The Massachusetts Department of Labor has taken an average for the three year period 1925-1927 as a base figure 100, and finds the following decrease in payrolls in this state;

1925---100.8	1930---84.8
1926---103	1931---67.4
1927--- 97.1	1932---50.4
1928--- 93.7	1933---38.3
1929--- 93.1	

In other words using 1925 to 1927 average as normal, we are paying out only 38% of the normal amount of payroll wages in 1933. During the above period 1925 to 1927 \$24.32 was found to be the average weekly earnings. ~~XX~~ In 1933 the estimated average weekly earnings were only 68.4% ~~XXX~~ of this, which by computation is \$16.63. Not only did we have a tremendous decrease in payroll earnings, but employment was only 55.8% ~~XXXX~~ of the 1925-

* Mass. Dept. of Labor Press Report for August 1932 Revised.

~~XX~~ Ibid.

~~XXX~~ Ibid.

~~XXXX~~ Ibid.

the wage scale of the nation has been rising. The
 great labor unions have recently been able to bring
 out an action of national interest for wage scale
 should be brought back to what was at 1917.
 President Roosevelt is now inviting the National Highway
 Administration program to carry out his policy which
 has been very effective and is discussed in a statement
 attached.

RETAIL STATISTICS IN MASSACHUSETTS

To find out the trend of weekly payroll earnings
 in Massachusetts, manufacturing establishments we went
 to the statistics. The Massachusetts Department of
 Labor has taken an average for the three year period
 1925-1927 as a base figure 100, and finds the following
 decrease in payroll in this state:

1925--100.0	1925--100.0
1926--97.4	1926--97.4
1927--97.1	1927--97.1
1928--97.7	1928--97.7
1929--97.1	1929--97.1

In other words using 100 as 1927 average we can
 see we are getting out only 97.1 of the normal amount
 of payroll wages in 1925. During the above period 1925
 to 1927 \$1.32 was found to be the average weekly earn-
 ing. In 1925 the estimated average weekly earnings
 were only \$1.24 of this, which by computation is \$1.24.
 Not only did we have a tremendous decrease in payroll
 earnings, but employment was only 97.1 of the 1927

1927 average.

In manufacturing industries the amount paid in wages during the year 1932 was actually less by 25,561,000 than 1913. The figures are, 1913-\$351,300,000.00 and 1932, only \$325,739,000.00. ^{xx}

During this period, however, the average yearly earnings per worker rose from \$569.43 in 1913 to \$929.32 in 1932. ^{xx} Money was actually worth more in real wages because the cost of living in 1932 was 122.4 and the real value of average annual earnings 133.3 with an index base of 1913=100. ^{xxx} Such a picture painted by these statistics appear comparatively favorable to the worker, but there is one factor omitted which changes the aspect of it. Employment in manufacturing decreased by over a quarter of a million workers, 266,537 from 1913 to 1932. ^{xxxx}

To indicate the trend in various manufacturing ^{xxxxxx} lines we may quote figures.

INDUSTRIES	1919	1931	INCREASE	DECREASE
All Industries	\$ 766,623,337	\$474,146,719		\$ 292,476,618
Boots and Shoes	89,489,715	45,679,225		43,810,490
Woolen Goods	56,749,563	37,436,905		19,312,658
Cotton Goods	109,902,503	38,868,889		71,033,614
Printing and Publishing	16,455,124	23,456,179	\$ 7,001.055	
Electrical Machinery	27,649,667	22,751,703		4,897,964
Dyeing Textiles	12,240,747	14,926,387	2,685,640	
Bakery Products	9,336,181	12,753,659	3,417,478	
Foundry Products	36,734,431	18,841,627	3, , 37	17,892,804
Clothing	12,823,878	13,216,215	392,337	
Paper	14,642,413	11,960,645		2,681,768
Leather	19,211,156	10,697,504		8,513,652
Rubber Goods	11,538,080	7,758,322		3,779,758

ss. Dept. of Labor & Industry, Press Report entitled, "Industrial
ds in Massachusetts." p. 1.

bid.

Ibid.

Ibid.

* Computed from Mass Dept. of Labor Reports 1919 and 1931.

INDUSTRIES	1919	1931	INCREASE	DECREASE
Meat Packing	\$ 5,391,004	\$ 2,871,319		\$ 2,519,685
Illuminating and Heating	3,557,468	5,170,219	\$1,612,751	
Confectionery	7,512,037	4,983,946		2,528,091
Knit Goods	11,364,030	6,765,890		4,598,140
Ship Building	34,105,944	7,669,775		26,436,169
Furniture	6,637,133	7,051,101	413,968	
Textile Machinery	20,712,227	8,865,356		11,846,871
Silk	5,039,601	5,809,739	770,138	
Total	\$1,277,716,239	\$781,681,324	\$16,293,367	\$512,328,282

It will be noticed that in most lines there has been a tremendous decrease in wage payments. The only lines which increased wage payments are, printing, dyeing, bakery, clothing, heating, furniture, and silk goods. Although the above lines increased payrolls the total annual increase for all of these is only about \$16,000,000. When one considers the wage decrease in all manufacturing lines to be about \$276,000,000 the above increase is relatively unimportant.

In Metropolitan Boston alone the wages paid decreased from \$202,173,388 in 1921 to 171,567,144 in 1931 a decrease of \$30,606,244.00 for the 4,536 manufacturing establishments, in 1931 from 4,508 in 1921.

The building tradesmen were particularly adversely affected by the depression, as but little building was done, and the wages reflect this situation. With an index figure of 100 for 1928 we find July 1933 down as low as 18.2. In weekly salaries a 40% cut was given to

* Figures are taken from Mass. Dept. of Labor Reports in years mentioned.

** Mass. Public Document #104, Table 18, p. 118.

*** Mass. Dept. of Labor, Press Report Aug. 1933.

workers from the 1928 wage level.

* WOOLEN AND WORSTED MANUFACTURES

The wool cloth business has had a little different history than most industries during the period of the depression having had its period of slow business activity in 1928 about a year prior to the general depression. While other industries were enjoying unprecedented prosperity the woollen and worsted goods industries discharged over 9,000 workers and the value of products dropped from \$295,175,084 in 1926 to \$234,206,586 in 1928, a decrease of \$60,968,498. In 1929 there was no great change, but in the following year another 10,000 workers were dismissed, and value of products dropped off over \$77,000,000 more. The year 1931 saw a further decrease in value of products, and 1932 was the worst year of all with the total value of products reaching only \$87,814,050 or less than one-quarter of the 1923 maximum figure of \$352,146,045. The woollen and worsted business has had severe difficulties during the past few years with their annual value of products showing a steady trend downward since the peak of 1923.

One of the primary causes of the decline has been the poor condition of the finished goods cloth market

--Statistics in this chapter taken or computed from Mass.
* Dept. of Labor Annual Reports for the years mentioned, and
Dept. of Labor Press Reports of 1933 unless otherwise indicated.

THE 1920S AND 1930S

The wool of the 1920s was a period of relative stability and prosperity. The wool of the 1930s was a period of depression and adversity. The wool of the 1940s was a period of recovery and growth. The wool of the 1950s was a period of prosperity and growth. The wool of the 1960s was a period of prosperity and growth. The wool of the 1970s was a period of prosperity and growth. The wool of the 1980s was a period of prosperity and growth. The wool of the 1990s was a period of prosperity and growth. The wool of the 2000s was a period of prosperity and growth. The wool of the 2010s was a period of prosperity and growth. The wool of the 2020s was a period of prosperity and growth.

in New York which is the cloth center of the country. Prices fell so low that it was no longer profitable for manufacturers to produce woolen and worsted cloth for a market already glutted. Manufacturers refused to operate at a loss, so they closed their plants despite the inevitable loss resulting from possible transfer of valued employees, depreciation on fixed assets, and interest on bonds.

Another cause of the over-production in the middle of the last decade was due to over capitalization. Money for manufacturing woolen and worsted cloth was comparatively easy to obtain through sale of stocks. Bank credit was also easily obtained and over expansion was the more or less natural result. A large number of manufacturing firms produced at capacity, and in 1924 we had 190 establishments producing, which figure dropped to 156 in 1929 and to 116 in 1932.

Although the industry has been experiencing some difficulties business should be better for the year 1933 when complete statistics are compiled. During June and July of 1933 a large volume of business was transacted. For the first eight months of 1933 wool consumption was 339,915,000 pounds, or 53% more than it was during the same period in 1932, and prices advanced to the highest level in the past three years. Greater wool consumption and in some grades of wool a 100% increase in price has turned attention to the available supply. The supply of raw wool

has been bid up, because a major portion of the territory clip is tied up as security for loans from government agricultural credit agencies, and the dealers by competitive bids have forced prices upwards. Inflation threats in the middle of 1933 were also of some consequence in helping to force raw wool prices upward. Another encouraging factor in raising wool prices is the possibility of a big future demand caused by low production during the past two years. With an increase in consumption, prices will rise, so, in anticipation of such activity many have bid up prices on wool and cloth.

The fear of higher prices as a result of the introduction of the N.R.A. code stimulated buyers, and manufacturers especially stepped up their production in response to a heavy demand from retail dealers. Many mills were sold out to capacity in men's wear in May and June of 1933 and orders continued at a high rate during the summer. Summer months which are usually slack, were unusually busy ones in 1933, but this in turn prevented the usual fall expansion. In the late fall many mills reported some slackening due to the difficulty retailers were having in disposing of woolen cloth, knit goods, and suits at higher prices.

Employment needless to say has dropped greatly in woolen and worsted goods. In 1923 a total of 64,842 wage earners were busy producing the largest amount of stock ever made in this state, but from that time a steady fall in

numbers employed took place. In 1930 only 35,104 were employed and 1932 saw this figure go as low as 28,593, a decrease of over 57% from the 1923 peak.

The average number of workers in the period 1925 to 1927 which is considered normal is 53,526. At this figure 1932 was approximately 48% below that normal. The index figures on employment for 1933 are much more encouraging than those of the previous year. All during the first seven months there was a steady rise until June and July figures rose to 88.4 and 102.4 respectively. The last time the industry had as many employees was back in the pre-depression days of 1926.

To account for the sudden rise in employment during 1933 is not difficult, it being caused by the uncertainty about the N.R.A. code which was certain to cause higher costs. Therefore each manufacturer determined to make as much woollen and worsted goods as possible before higher costs would prevail. It was purely a defensive action, and one which could have been predicted. Consequently this industry was busier during the early part of 1933 than at any other time during the last half dozen years. During the last six months of 1933 activity in the wool industry slowed up somewhat due to higher costs under N. R. A. operations and higher prices of raw material. For the entire year of 1933 the raw material consumed was ⁸35% more than in 1932 and it is predicted that production

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will continue in 1934 due to a large unsatisfied public demand which only awaits the return of its purchasing power.

Wages on the whole have not been high in the woolen and worsted goods trade, the 1925 to 1927 average weekly wage being only \$21.80. This figure remained about at normal until 1929 when the index figure rose to 103.3. Since then however there has been a steady decrease until the 1932 index figure fell to 76.3 which is approximately 75% of normal, giving a weekly average wage of about \$16.63.

The total amount of wages paid annually has decreased tremendously, from \$76,000,000 in 1923 to \$22,000,000 in 1932, decrease of over 70%. This tremendous decrease of about \$54,000,000 is reflected in every other business in the state and unless this wage can be restored, there is little hope of prosperity returning because permanent prosperity rests on the foundation of a steady, weekly wage.

On the whole the textile manufacturing business appears to have seen its worst years. The N. R. A. code has given it a new stimulus, but even before this it was doing very well during the first half of 1933, showed profits of \$596 millions, while 1932 showed a deficit of 1,444 million. Although the textile trade had been over capitalized the tendency is to reduce the investments wherever possible. Net worth decreased 14.7 million, to 46,145 million in 1933

* Monthly Bulletin of City Nat'l Bank of New York,
August 1933 Page 9

** Ibid.

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from the previous year. If the present trend persists the textile trades may be one of the first to emerge from the depression, raise wages, and give back the thousands of jobs which should be open.

COTTON TEXTILES

PRODUCTION

Cotton goods manufactured in Massachusetts represented a value of only \$68,040,258 in 1932 as compared with \$686,571,606 in 1920. This tremendous decline in value is partially accounted for by lower prices in 1932, but the greatest cause is due to a drop in production due to the influence of the depression. It will be observed from the above figures that the value of products in 1932 is just under 19% of the 1920 high record figure.. There has been a steady annual decrease in value of products from \$345,864,097 in 1925 to \$233,618,009 in 1929, but the lowest figure on record was reached in 1932 when the value of products was only \$68,040,258 as stated above. From 1920 to 1932 the number of manufacturing establishments decreased from 191 to 105.

The value of stock and materials used in manufacturing dropped even lower than the 90% decrease in value of products from 1920 to 1932, the figures for these same years being \$415,502,520 in 1920 and only \$30,030,280 in 1932. According to these figures the value of stock and

* Statistics in this chapter taken or computed from Mass. Dept. of Labor Annual Reports for the years mentioned, and Dept. of Labor Press Reports of 1933, unless otherwise indicated.

There are various points in the above report which are of interest to the Committee. The first point is that the value of the property has increased since the last report. This is due to the fact that the property has been sold at a higher price than it was bought for. The second point is that the value of the property has increased since the last report. This is due to the fact that the property has been sold at a higher price than it was bought for.

REPORT OF THE COMMITTEE

ON THE PROCEEDINGS OF THE COMMITTEE

The Committee has the honor to acknowledge the receipt of the report of the Committee on the Proceedings of the Committee. The report contains a detailed account of the proceedings of the Committee and the results of its investigations. The Committee is pleased to find that the report is well written and contains a great deal of valuable information. The Committee is also pleased to find that the report contains a detailed account of the proceedings of the Committee and the results of its investigations. The Committee is pleased to find that the report is well written and contains a great deal of valuable information.

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materials used in 1932 is only about 7% of those used in 1920, but of course we must bear in mind in reading this figure that prices were higher in 1920, which accounts in part for the tremendous reduction in value of materials used.

In manufactured cotton goods there was tremendous over-production by Southern mills, where unlike New England mills, cotton cloth was manufactured day and night without attention being paid to the demand. This huge stock of surplus materials is then one cause of depressed prices. On March 2, 1933, about 83% of the Southern mills by a signed agreement promised not to engage women and minors in night work. This system did not work exactly as planned, as those mills which did not sign the agreement were enabled to undersell the others and make a profit. Mills in Massachusetts particularly felt this unfair competition until the N. R. A. code was adopted.

In New England cotton mills were operating at only 40% of capacity in June 1932 and 27% in July. [#] Some mills were shut down entirely and spindles used were down to the 1914 pre-war level whereas the population to be supplied had increased about 30%. During the past two and one-half years the cotton industry has been active and is recovering much of its lost market.

Statistics here are computed or taken from MassDept. of Labor Press Reports of 1932, unless otherwise indexed, as indicated by footnote on previous page.

Despite a large supply of raw materials at low prices in 1931, mills especially had some difficulty, as buyers were very cautious about placing orders. They were hoping that in the falling market, prices would be even cheaper. Mills did make profit on what they sold but these were balanced by inventory losses. The manufacturers of cotton cloth have found styles to be more important during the last five years than ever before, as it is now being used by fashion promoters.

Raw cotton has been produced in great abundance in the United States in the last few years causing cotton to fall to the lowest price in thirty years, five cents per pound in June 1932. ^{*} Every year a large crop is harvested and with a huge carry-over from previous years still on the market, prices are naturally depressed. The United States Department of Agriculture forecasted a cotton crop for 1932 of 11,306,000 bales which represents a reduction from 1931 of 5,400,000 bales or 32%. ^{**} The acreage planted is about 9% less than in 1931. At the end of January 1932 there was a sufficient supply of American ^{***} cotton to meet the world requirements for about two years.

* New England Letter Pub. by First Nat'l Bank of Boston
p. 4. 10/29/32

** Ibid.

*** Ibid. 1/27/32 p. 4

EMPLOYMENT

As would be expected employment in the cotton goods industry decreased tremendously during the last dozen years, and especially since 1929. In 1919 we had 122,499 employed which figure declined steadily to 70,788 in 1929 and to only 32,464 in 1932. Thus the number employed in 1932 was approximately only 26% of those employed in 1919. It will be observed that this tremendous decrease in the number of laborers left thousands without employment, to be absorbed into other industries if possible which were also suffering from the depression. Since 1929 the decrease in employment has been 45.7%.

WAGES

Total wages paid in the cotton goods industries were highest in 1920, reaching a total of \$130,905,309. This decreased about one-half, or \$65,556,859 in 1929 and continued with a steady annual decline to \$22,698,692 in 1932 which is approximately only 17% of the 1920 figure. Since 1929 the total wages paid have decreased about 65%.

Average weekly wages based on the 1925 to 1927 average were \$19.26 per week. This figure reached its highest point in 1927, being \$19.76, but it fell annually from that time to \$19.23 in 1929 and to \$13.56 for the

INTRODUCTION

The purpose of this study is to investigate the effects of the proposed changes on the system. The study is divided into two main parts: a theoretical analysis and an empirical investigation. The theoretical analysis is based on the principles of the system and the proposed changes. The empirical investigation is based on the results of the experiments conducted. The results of the experiments are presented in the following sections. The first section presents the results of the experiments conducted on the system. The second section presents the results of the experiments conducted on the proposed changes. The third section presents the results of the experiments conducted on the system with the proposed changes. The fourth section presents the results of the experiments conducted on the system with the proposed changes and the results of the experiments conducted on the system with the proposed changes and the results of the experiments conducted on the system with the proposed changes.

THEORY

The theory of the system is based on the principles of the system and the proposed changes. The theory is divided into two main parts: a theoretical analysis and an empirical investigation. The theoretical analysis is based on the principles of the system and the proposed changes. The empirical investigation is based on the results of the experiments conducted. The results of the experiments are presented in the following sections. The first section presents the results of the experiments conducted on the system. The second section presents the results of the experiments conducted on the proposed changes. The third section presents the results of the experiments conducted on the system with the proposed changes. The fourth section presents the results of the experiments conducted on the system with the proposed changes and the results of the experiments conducted on the system with the proposed changes.

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year 1932. Wages were never high in the cotton mills, but the 1932 average weekly wage of \$13.56 based on the index figure of 70.4, is a disgrace to the industry.

The Massachusetts Department of Labor Minimum Wage Commission made an investigation of wages being paid in some of our mill towns and cities. The results of their investigation show us the starvation wages being paid especially to women and young girls. To quote from the report; ^x "In five shops surveyed in New Bedford in March.....there were 483.....women employed. Of these 66.5% earned less than \$8 in the week in which payrolls were examined, 82.2% earned less than \$10 and 96.6% less than \$15.....In another factory.....there were 47 females employed of whom 25 were earning 10¢ an hour. An hourly wage of 14¢ to seven workers was the highest pay which this concern's payroll revealed. In five plants in Fall River.....of the total of 476.....women workersonly nine received \$15 or over. In one Lawrence shop.....73%.....earned less than \$9 per week." How could any group of workers maintain a decent standard of living on these sweatshop wage scales? They absolutely could not, but in such hard times workers looked upon any employment even at low wages, as of necessity a good thing for them.

EFFECT OF THE N. R. A.

The National Recovery Act served to raise wages and prices when the cotton manufacturing establishments followed the code assigned to them. The greatest advantage of the N. R. A. seems to be that it has put our mills more nearly on a par with Southern mills. For years we have worked at a disadvantage, but according to the Boston Post there has been an increase of 262,000,000 spindle hours in Northern mills from March 1933 to December, while Southern mills showed a decrease of 294,000,000 spindles.

Our export business to the far East will be curtailed somewhat due to higher costs. Advancing prices here coupled with a low exchange rate on the yen, have resulted in a situation wherein the present tariffs are insufficient to protect American Cotton goods in the Philippines from Japanese competition. We shall expect also to lose part of our Chinese trade as the boycott against Japanese imports seems to be breaking.

BOOTS AND SHOES

For many generations the boot and shoe industry has been a most important part of the manufactured products of Massachusetts, Boston being the leading center of the shoe industry in the United States. Boston has also

EXHIBIT OF THE S. A. A.

The National Society has received the following information from the Japanese Consulate at San Francisco, dated January 1, 1900, in regard to the case of the S. A. A. member who was arrested in the city of San Francisco on a charge of being a member of the S. A. A. The Japanese Consulate at San Francisco has advised that the member in question is a native-born American citizen, and that he is a member of the S. A. A. The Japanese Consulate at San Francisco has also advised that the member in question is a native-born American citizen, and that he is a member of the S. A. A.

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been the largest center of the allied shoe and leather industries in the world. The shoe manufacturing industry has been particularly severely affected by the depression. A hand-to-mouth buying policy and quick style changes especially in women's shoes have raised havoc with production. Manufacturers find it difficult to secure large orders as in former years, and therefore production costs per unit are higher, but due to increased competition both at home and abroad, shoes are selling at a lower price than has been the case for a dozen years or more.

The value of production of boots and shoes decreased from \$443,322,965 in 1920 to \$160,666,398 in 1931, a decrease of \$282,656,567 or about 64%, per following table.

The following figures are significant to show decrease in value of production of boots and shoes in
 *
 Massachusetts.

<u>YEAR</u>	VALUE OF PRODUCTS (in millions)
1920	\$443
1922	275
1924	246
1926	244
1928	238
1930	185
1931	160
1932 Press Report	126

The number of wage earners has been greatly decreased as would be expected, dropping from 69,273 in
 **
 1920 to 47,664 in 1931. The amount paid in wages also

* Annual Report 1932 Mass. Dept. of Labor Page 122
 ** Ibid.

show a corresponding decrease, the 1920 figure being
 \$85,820,835 and this was decreased to \$45,679,225.^H

Most of the shoe manufacturing in Massachusetts is
 in the Metropolitan Boston area there being about 126
 plants, out of 397 in the state.^{KK} The value of the shoes
 produced in Metropolitan Boston is \$50,038,960 which
 is a little less than one-third of the 160 million dol-
 lar production in the state.^{KKK}

In the latter part of 1932 many New England firms
 and the United Shoe Machinery Corporation introduced the
 share-the-work movement. At the Beverly plant of the
 United Shoe Machinery Corporation they continued operat-
 ing the plant on a forty-four hour week basis, but by
 using a system of lay-offs no employee of either their
 factory or offices worked more than a thirty-two hour
 week.

During 1933 there were many strikes by dissatisfied
 workers, especially in Brockton. The Douglas Shoe Com-
 pany had a long strike period which ended in November
 1933. But for the strike being settled when it was the
 production and employment figures would be even lower.

Of late years the shoe manufacturing industry seems
 to be moving rapidly Westward. Missouri and Illinois
 are encouraging the development of industries there be-
 cause of nearness to raw materials and to the markets of

* Annual Report 1932 Mass. Dept. of Labor Page 122

** Ibid p. 120-121

*** Ibid p. 120

the middle West. In the farm regions the demand for heavy shoes is being met by local manufacturers. The fancy shoes demanding the highest type of skilled labor are still being produced in the factories of Massachusetts.

It is claimed by many observers that the shoe industry in Massachusetts would not be so badly off if manufacturers had used better judgement since the war. Years ago before style became an important factor all shoes were more or less alike, but later during the last generation, seasonal shoes were produced for winter and summer sale, and styles were developed for these each year. Since the war manufacturers have endeavored to stimulate sales, and at every opportunity they overloaded jobbers. Consumers ceased to buy for a time, and the manufacturers with deliberate purpose of rendering the jobbers stock unsalable introduced new styles successively until people became educated to expect rapid changes. The effect to stimulate consumers to buy was very successful but it acted as a boomerang as manufacturers were pressed for newer styles in competition.

Of course changes in style of dress and fashions also were important reasons for style changes in shoes as shoes had to be adapted to the style of dress. From this latter point of view it will be seen that one of the chief difficulties in the shoe trade lies in the style

of garments adopted. Every year more emphasis is placed on the relationship between footwear and dress.

Since the depression, the contact between manufacturers and retailers has been more marked, the jobber being gradually eliminated. In the past a jobber was deemed necessary, but now with the hand-to-mouth buying policy and stiff competition, the manufacturer is expected to ship shoes directly to the retailer and the jobber is omitted from the transaction in most cases. This is especially true in the case of orders placed by large retailers of shoes.

METAL MANUFACTURING TRADES

Metals manufactured in Massachusetts are of high quality, being made by highly skilled workmen. There are approximately six hundred establishments in the state manufacturing electric machinery apparatus, supplies, foundry and machine shop products, textile machinery and ^x parts. These produce the products of most value so it is these we shall discuss.

ELECTRICAL APPARATUS

The most valuable of all metal products is manufactures of electrical machinery, apparatus (radios) and supplies, the annual value in 1931 being \$104,984,155.^{xx} This industry is the fifth largest in the state from the

* Dept. of Labor Annual Report 1932, P. 121

** Ibid. Value in 1932, \$53,643,578 per press reports 1/1/34

point of view of value of products.

The manufacturing plants of the General Electric Company in Lynn, produce turbine sets, motors, arc-welding apparatus, street lighting equipment, steel gears, and miscellaneous instruments. These two plants produce more than any other similar plants in the state and give Massachusetts its importance as a producer of electrical machine products.

During 1924 there were one hundred and thirty establishments manufacturing electrical machinery but this number declined to 102 by 1931, sixteen of which manufactured radios exclusively. The value of stock and materials used declined almost one-half from 64,000,000 in both 1926 and 1929 to 31,888,549 in 1931. The total value of products did not decrease in such a heavy proportion, the figure for 1929 being \$184,786,944 and for 1931 \$104,094,155.

The amount of wages paid in this industry has varied considerably during the last decade rising from \$34 million in 1923 to \$41 million in 1929 and again descending to \$22,751,703 in 1931. The average wage during the 1925 to 1927 period was \$29.15 per week. This figure was reduced during 1932 to \$18.54 which is 63.6% of the average.

Figures are taken or computed from the Mass. Dept. of Labor Press Reports 1932 unless otherwise indexed, and Annual Report 1932 pp. 120 to 126.

point of view of value of products.

The manufacturing plants in the District of Columbia

located in 1938, showed a decline from 1937, and

within a year, a great increase in output, and

factories, and a considerable increase in output.

Products were then very much higher in value than

and the manufacturing plants in the District of Columbia

of electrical machine products.

During 1938 there were no changes in the value of

manufactured products in the District of Columbia, and the

output declined from 1937, and the value of output

factories within a year, and the value of output

materials and electrical machine products in 1938, and

in 1939 and 1940, and in 1941, and in 1942.

Value of products did not increase in 1940, and the

output, the figure for 1940 being 1,700,000, and the

1941 figure, 1,700,000.

The amount of work done in the District of Columbia

manufacturing during the last decade shows that the

work in 1941 was 1,700,000, and in 1942, 1,700,000.

and in 1943, 1,700,000. The average value of output

1938 to 1942 was 1,700,000, and in 1943, 1,700,000.

and the average value of output in 1944, 1,700,000.

average.

There are also no changes in the value of output

and the average value of output in 1945, 1,700,000.

and the average value of output in 1946, 1,700,000.

The average number of workers employed reached the highest point in 1929 as we should expect, the figure being 28,844. This changed to an average of only 12,540 for the first seven months of 1933, this figure based on the seven months average index figure 48.4, with 100 = 1925 to 1927 average of 25,908 workers.

FOUNDRY AND MACHINE SHOP PRODUCTS

The total value of foundry and machine shop products now is the lowest in over a decade, having fallen from \$166,340,007 in 1920 to \$37,496,803 in 1932. During this same period the number of establishments decreased from 569 to 389. Since 1923, when we had 554 foundries and machine shops there has been a steady decrease until the lowest number was reached in 1932, the middle of the depression period.

During the last dozen years wages paid in this industry have decreased from a high of \$52,459,471 in 1928 to a new low figure of \$12,799,204 for 1932, a decrease of more than 75%. Since the year 1929 when the depression began, total wages paid fell off about 62%, decreasing from \$32,969,609 in 1929 to \$12,799,204 in 1932.^H

In average weekly earnings as would be expected there has been a decrease which was 32.9 up to July 1933, with the 1925 to 1927 average of \$29.87 equaling 100.

* Ibid. See footnote on previous page.

The lowest point was reached in April 1933 when only 57.5 of normal wage or \$17.18 was paid weekly.^{*}

The number of wage earners has been constantly decreasing from a high of 34,473 in 1920 to 21,243 in 1929 and 10,419 in 1932. This is the most serious effect of the depression. We might well lower production and slow up progress, but we should never sacrifice labor and have such a decline in the number of workers in an industry as we have witnessed. It works extreme hardship on thousands who can find no other field for their labor. The decrease in the number of laborers is approximately 70% since 1920 and 53% since 1929. The average index for employment in this industry fell steadily from 106.5 (1925 to 1927 = 100) in 1929 to 42.2 for the first seven months in 1933.^{**} It would appear that unless some drastic measure is successful, this industry in Massachusetts will remain in a slump from which it may never recover.

TEXTILE MACHINERY AND PARTS

With the great production curtailment in the textile trade, the textile machinery and parts were no longer in such demand and this particular part of our metal trades industry became seriously affected. To quote some statistics would be enlightening to indicate the vast

* Ibid. P. 166

** Ibid.

decline in demand for textile machinery.

The year 1920 was one of the best years this state ever had from the point of view of value of machinery produced. The value of textile machinery produced is given as \$81,595,711 which dropped to \$41,202,970 in 1929, and to the pitifully low figure of \$13,635,758 in 1932. In producing this machinery the value of stock and materials used fell an even greater percentage than the value of products when the 1920 figure of \$32,288,692 decreased to \$4,197,545 in 1932. Such a decrease came as no surprise as this business follows the textile trade trend very closely. This fact is borne out when we look at the increase in cotton textiles during 1933 and also note that the demand for cotton mill machinery in July 1933 was the best since 1920.

The number of establishments producing textile machinery during the 1923-1932 period decreased from 137 to 101, thus following the general downward trend in everything connected with the industry. In these factories and shops the number of wage earners decreased from 19,686 in 1920 to 10,597 in 1929 and to 5,199 in 1932. This latter figure is the lowest number of wage earners ever engaged in the textile machinery business since it became one of the great industries of Massachusetts.

^H Ibid. P. 166

^{HH} Ibid.

^{HHH} Ibid.

In our preliminary index we find that the index

number of 1933 average monthly index is 100.

Using the 1933 to 1937 average as 100, during the years

four years this industry has suffered severely, especially

the only about three-quarters of losses suffered in

average years, but the last half of 1933 and the first

half of 1935 were the worst when the index figure dropped

to the vicinity of 40.

With the advent of the E. A. A. the picture changed

and showed a new lease of life and a relatively high

boom in the shipping and transportation, which resulted

in the index for shipping and transportation rising again

for late 1935 and early 1936 delivery.

The decreasing amount of index in shipping will greatly

explain why the business index of all times appeared

to be rising and prosperous during the first four years.

Index dropped from the 1935 figure of 100 to 40, and

to a minimum of 40 in 1936 and to a low of 30 in 1937.

30, 1937, and in 1938.

The weekly average index also dropped, falling

from 100 to 40 in 1937 and to 30 in 1938.

20, 1938, and on the index figure of 100 in 1939.

1939. The index was again approximately 100 in

1939 when it was only 100 in 1938 and 1937.

Year 1939, and a sharp drop.

to 100 in 1939, 1940.

In our employment index we find that the first seven months of 1933 average monthly index figure is 49.1^ж using the 1925 to 1927 average as 100. During the past four years this industry has suffered severely, employing only about three-quarters of those employed in average years, but the last half of 1932 and the first half of 1933 were the worst when the index figure dropped to the vicinity of 40.^{жж}

With the advent of the N. R. A. the textile business showed a new lease of life and a relatively mild boom increased employment and production, which resulted in new orders for modern textile machinery being placed for late 1933 and early 1934 delivery.

The decreasing amounts paid in payrolls will easily explain why the business districts of mill towns appeared to be anything but prosperous during the past four years. Payrolls decreased from the 1920 figure of \$28,412,882 to approximately one-half of this in 1929 and to a paltry \$5,153,252^{жжж} in 1932.

The weekly average payroll also decreased, going from \$27.17 which was the 1925 to 1927 weekly average to \$18.23 in 1932 based on the index figure of 67.1 for the year 1932.^{жжжж} The wages were kept comparatively high up to 1931 when wages were off only 15% but the following year they took a sharp drop.

PUBLIC UTILITIES

On the whole Public Utilities would have been in a much stronger financial position except for the depression, but some of them seem to be in about the same condition as they were in 1929. The gas companies and electric companies were probably less unfortunate than some of the other public utilities as their total assets and surplus remain about the same, while their earnings have decreased but little during the past four years.

*

The index of employment in all public utilities combined in Massachusetts shows a decrease from 100.4 in January 1930 to 79.1 in December 1932, while the aggregate weekly pay rolls in the same period fell from 100.2 to 69.6. This indicates an approximate decrease of 30% in employment and 40% decrease in wages.

The public utility companies are different from each other in many respects so we shall discuss the effect of the depression on gas, electric and railroad public utilities respectively.

** GAS UTILITY

In Massachusetts in the gas manufactured for illuminating and heating the value of stock and materials used decreased from \$15,835,388 in 1929 to \$10,491,835 in

* Mass Annual Report Dept. of Labor 1932 Page 106

NOTE: Figures all from annual financial statements of the various companies on file at Public Utilities Accountants' office at the State House, Boston unless otherwise indexed.

**

1932, an approximate decrease of 30%. It is the lowest figure for twelve years except for 1926 which was \$10,086,179.

Wages paid in 1932 were only \$4,405,548 while in 1929 they were up to \$6,516,333. This is the lowest figure since 1921 when \$4,324,527 was paid out in wages. The number of establishments manufacturing gas decreased from 51 in 1920 to 34 in 1932 and the number of employees from 4,096 to 2,670, the lowest number since 1921.

In this state the value of gas manufactured for illuminating and heating has fallen in 1932 to \$36,386,578 from \$41,264,782 in 1929.

In making a specific study of gas utility, the Boston Consolidated Gas Company's annual financial statements and reports yielded the following information to show some trends:

<u>YEAR</u>	<u>SALES TO CONSUMERS</u>	<u>SALES IN CUBIC FEET</u>
1929	\$10,455,538.53	9,830,929,400
1931	11,718,322.48	12,323,975,300
1932	11,119,632.82	11,816,330,000
1933	9,990,422.44	11,051,728,600

It will be observed that cubic feet of gas sold is more than in 1929 while the price received for it is slightly lower than the 1929 figure. The depression has been relatively kind to this company, the net income in 1933 being

Mass. Dept. of Labor Press Reports on Prin. Industries 1932
 Ibid. " " " Annual " " " " " "

Ibid. " " " " " " " " " " " "
 Ibid. Per first documentation

Ibid. P. 171 footnote

\$1,911,153.57 while the 1929 figure was only \$1,803,462.89.^x

AN ELECTRIC UTILITY

In obtaining figures for this study the Edison Electric Illuminating Company of Boston was found to be a representative type of business to discuss for the purpose of indicating the general trend. Their annual financial statements and reports reveal that company increased the number of customers, per bills rendered, from 351,986 in 1929 to 377,578 in 1932, and during the same years the total electric operating revenue increased from \$29,664,585.07 to \$30,578,497.77. The net income did decrease however from \$10,563,323.31 to \$9,033,401.41.^{xx}

RAILROAD UTILITY

The railroads have been seriously affected by the depression probably more so than any other public utility. They discharged a large number of employees and reduced salaries and all expenses, but despite this curtailment of expenses they still suffered deficits due primarily to decreases in revenue.

In making a study of the railroads of Massachusetts it is impossible to determine from available data, just what figures apply to this state as our three important railroads run beyond the state borders.

^x Ibid. P. 171

^{xx} Ibid.

The New York, New Haven and Hartford Railroad had an average of 30,978 employees in 1929 but only 20,703^{*} in 1932 paying wages during these years of \$52,536,794.94 and \$29,310,110.29 respectively. The net income for 1929 was \$22,296,268.48 while in 1932 a deficit of \$393,047.47 had to be met. During these same years the total assets decreased from \$603,373,322.03 to \$594,214,593.98, a decrease of almost 10 million dollars.

The Boston and Maine Railroad has had somewhat the same experience as the New Haven road having been obliged to reduce the number of workers to 13,576 in 1932 as compared with 20,662 in 1929. The wages paid in 1929 were \$33,195,668.18 but in 1932 this figure fell to only \$19,870,681.37.

The net income in 1929 was \$2,561,126.26, but in 1931 the profit became a deficit of \$823,102.16. The following year saw a return to a stronger position when \$613,231.38 was the net income. During this period the total assets increased about 18 million dollars while the corporate surplus was reduced less than 2 million dollars from the 1929 figure of \$15,417,161.53.

From the figures presented it will be seen that public utilities with the exception of the railroads did not feel the effects of the depression so severely as they did in other lines of industry.

* Ibid. P. 171

SOCIAL RESULTS

COST OF LIVING CHANGES

The cost of living is always of vital economic importance to people. The income, expenses, and balance are of importance and any rapid economic changes cause hardships to certain classes of people whether the trend is towards a high or low price level and until a new adjustment is reached certain groups suffer. Usually the laborer suffers most as he is least able to stand for increased living costs with his lagging increase in wages. The higher living costs then, tend to lower the standard of living for a time, until a new adjustment is reached. Salaried workers also complain of a rising cost of living as their salary increases always lag months behind.

During the last generation we have had great changes in the costs of living in Massachusetts. Many of us are inclined to compare our costs of living now with the years immediately preceding the war, but this was twenty years ago. Since that time so many things have happened that we should take some post-war year as a basis for comparison. Of primary importance to consider are the living habits of people. The United States Bureau of Statistics compiled an interesting set of figures^{*} for comparison on the changes in expenditures of our people before and since the World War as follows:

* Statistical abstract of the U. S. p. 285

Relative Importance of Items in Family Budget

	<u>1901-1917</u>	<u>1917-1932</u>	<u>Differences</u>
Food	43.1%	33%	-10.1
Housing	17.7%	20%	/ 2.3
Clothing	13.2%	12%	- 1.2
Fuel and Light	5.6%	5%	- .6
Sundries	20.4%	30%	/ 9.6
	<u>1 00.0%</u>	<u>100%</u>	

It will be noticed that the greatest changes are in our food and sundries. We now spend less on food, and more on automobiles, radios, washing machines, and modern home conveniences. This is said by many to indicate a higher standard of living. This however is not wholly true as a standard of living is really not a standard in the true sense of the word, because a standard is a definite thing, whereas each individual makes his own living standard as he sees fit. Income determines a high or low standard for the individual, and people with the same approximate incomes in the same locality spend about the same amounts.

The costs of living in the United States may be seen from the following, with 1923 = 100 as a base figure. *

1918	1.964	1925	1.038
1919	1.045	1926	1.038
1920	1.194	1927	1.016
1921	1.027	1928	1.004
1922	.973	1929	1.00
1923	1.00	1930	.962
1924	1.015		

Thus according to these figures we were at the 1918 level.

* Nat'l Indus. Conf. Board Cost of Living in U. S.
1914 to 1930

The above National Industrial Conference Board figures show a wide variation in living costs. Those of us who lived through these years realized the extent of these changes from 1918 to the peak in 1920. After 1920 the rapid drops in living costs ended with the slight rise in 1923, followed by a more or less fluctuation of minor importance until the latter part of 1929.

A definite downward movement in the cost of living is shown in the year 1930. It is 3.8% lower than 1929, and 1929 is about the same as the year 1923 even though most of us believe 1929 had higher prices. December 1930 saw a decline in the price level of 7.8 from December 1928. It is interesting to notice that the cost of living in 1930 is the lowest in twelve years and is the same as 1918. At the end of 1930 it was still about 50 over the 1914 level as will be seen by the chart following.

In Massachusetts we have our own figures to show the rise and fall in the cost of living based on the retail prices of certain commodities to maintain the average household. The following table of alternate years indicate the trends with 1913 as 100.

* Mass. Division of Life Annual Report 1932
Pages 22-26

<u>YEAR</u>	<u>INDEX FIGURE</u>
1913	100.8
1915	103.5
1917	138.2
1919	184.7
1921	159.6
1923	161.3
1925	165.7
1927	159.5
1929	160.7
1930	149.9
1931	135.7
1932	122.7
1933	128.7

It will be observed that there has been a steady fall in living costs since 1925, and that living costs now are approximately the same as the period between 1915 and 1917.

The cost of living is a relative term and not an absolute one, as living is one thing, and cost is still another. In striving to understand cost of living one term is apt to receive more emphasis than the other. One's standing in the community, personal needs, occupation, education, and various other factors affect the manner of living and the cost of living. The bulk of a worker's income is spent on living expenses, so the cost of living is always his greatest interest. Food prices are always of importance and often vary with the type of store from which they are bought, even though the brand may be the same.

*

Food prices in 1932 were lower than at any time since 1915 and actually lower by 4¢ on the dollar than 1913

prices. This low food commodity price was the one thing which prevented even greater suffering in small income families.

Although we spend more for housing now than formerly rents were about 2% lower in 1930 than in 1929, and almost 3% lower than in 1928. This follows the downward trend in rents in the United States from 1924 high level.^{KK}

In the latter part of 1933 prices on all commodities are below the 1928-1932 average of 82.5, being only 69.6 and a year ago they were as low as 60.9.^{KK}

Although the cost of living is 6. higher in 1933 than in the previous year, it is really a very slight change. The cost of living is much lower than in our more prosperous year 1925 to 1929 but the purchasing power of the dollar in November 1933 as compared with 1913 is only about 77.7%.^{KKK} The trend in living costs is downward and if it continues much suffering may be avoided, especially in view of the proposed increase in wages and employment.

* Mass. Dept Labor & Industries Annual Report p.90

KKK Cost of Living Memo. Letter Mass. Div. on Necessaries of Life. 12/22/33

KK Business Week August 5, 1933 Page 28 1926 = 100

REMEDIES APPLIED

THE NATIONAL INDUSTRIAL RECOVERY ACT

The purpose of the National Industrial Recovery Act is to increase employment and wages by an extensive program of far reaching effect. By government regulation, we have under this act, shorter hours, higher pay per hour, increased prices and curtailed production. Truly it is an ambitious act, drastic in some respects, but apparently necessary in which \$3,300,000 is appropriated for the success of the idea. A bond issue covering this amount is authorized in the act which increases taxes on gasoline, excise, income, and electric power. Of the above amount \$400,000,000 is to be granted to the states for emergency construction of public highways and other projects. Another \$50,000,000 is for national forest highways, roads, bridges, etc. Another \$25,000,000 revolving fund to help get people back to the farms and out of crowded urban areas. It is expected that the expenditure of such a tremendous sum will eventually result in the reemployment of 3,300,000 men or at the rate of \$1,000 per man, money is being provided.

The act provided a blanket code which among other provisions specified no children under sixteen should be employed, a thirty-five and forty hour working week, and

THE NATIONAL FOREST SERVICE

THE NATIONAL FOREST SERVICE

The purpose of the National Forest Service is to manage the public lands of the United States for the benefit and enjoyment of present and future generations. The Service is responsible for the conservation of the Nation's forest resources, including the protection of watersheds, the management of timberlands, and the preservation of wildlife and fish. The Service also plays a key role in the development and management of the National System of Public Lands, which includes the National Forest System, the Bureau of Land Management, and the National Park System. The Service is committed to the sustainable use of the Nation's forest resources, and to the protection of the environment and the health of the Nation's forests.

minimum wage of \$15 per week in largest cities. It provides for fair competition in industry in order that one firm will not be able to take unfair advantage over others. Each firm is actually obliged to cooperate with industry by agreement from August 1, to December 31, 1933. At the expiration date President Roosevelt will extend the date. Violators of the agreement are liable to prosecution, have their license to operate business revoked, and a fine and jail sentence imposed in addition.

The success of the N. R. A. is said by many authorities to be doubtful, but President Roosevelt will not allow it to fail regardless of cost, so it will be a success. Already it is estimated that about three million men have been reemployed, and the N. R. A. claims credit for about one half this number.

The increased purchasing power provided by the N. R. A. activities greatly assisted business. Retail stores in Boston reported sales increases of 18% for the first half of February 1934^{*} over the corresponding week in 1933. It has been shown there is an increased demand for quality goods such as rugs, jewelry and furniture which have not advanced sharply in price. This indicates that the consumers are spending more freely.

We had an increase of 13% in the number employed,

* New England Letter. pub. by First Nat'l Bank of Boston,
P. 2

*

and a 14.8% increase in payrolls for the month of September over August. Richard K. Conant, State Commissioner of public welfare stated that the N. R. A. is responsible for a reduction of from 40% to 60% in the welfare lists in most of the industrial towns and cities of Massachusetts. From April 1, to September 1, 1933 he estimated that 19,513 persons in welfare families had found employment due to the N. R. A. influence.

On July 1, 1933 the General Electric Company gave a 5% increase to its 50,000 workers, 2,300 workers in Pittsfield and 4,000 in Lynn being benefited. The company was able to give this increase because of the navy department's ship building program and public works being set loose by the N. R. A., which has resulted in an increase in demand and production of electric motors, turbines, and various similar equipment.

To indicate in a specific way the N. R. A. favorable influence we may cite the city of Lynn as an example. John R. Hurlburt, secretary of the Lynn Recovery Board, showed the great strides which have been made there. He said, "On June 16, 1933, Lynn's 41 industrial plants and 61 wholesale and retail establishments employed 6631 persons. By September 15, these firms were employing 8,730, an increase of 2,099, or 31 per cent. In June the weekly payrolls for the same concerns was \$115,622. In

* Mass. Dept. of Labor and Industry Press Report for
Sept. 1932

September the payrolls totalled \$174,339, an increase of \$58,717 or about 50 per cent. The average weekly wage in June was \$17.43, while in September it was \$20.08, an increase of nearly 15 per cent".

In Watertown, 1,765 additional jobs have been provided and a payroll increase of \$36,063 have resulted since the advent of the N. R. A. up to October 1933.

In Cambridge the public schools opened in September 1933 with an attendance of more than 1,000 more than last year. The N. R. A. plan of having boys and girls under 16 years of age not employed is responsible for such a large increase in so short a time.

On September 9, 1933, in New England, 1,002,075 employees were working under the provisions of the N. R. A. in 123,054 different business establishments. The N. R. A. program according to figures compiled by the New England District Recovery Board added 11,998 employees in 1,488 business establishments. Reports from all states indicate that the consumer drive and campaign for signing employers to the N. R. A. agreement is about 90% effective, as of September 8, 1933 and the percentage is steadily increasing.

Although General Johnson's original hope of putting six million back to work by Labor Day, 1933, has long since been discarded it is now hoped that four million

will be steadily occupied by the first of December. If this occurs the N. R. A. will be a great success because with the increased purchasing power of this four million, the following few months will see a great demand for workers which will ultimately result in another few million workers being absorbed into industry. A sharp decline in business failures in the United States for the week ended September 22, 1933 was reported by Dunn and Bradstreet, Inc. There were 259 defaults in that period, compared with 529 for the corresponding week of last year and 483 for the same week in 1931. It is possible that the N. R. A. is responsible for this improvement due to higher prices and greater consumer purchasing power unloosed.

It is true that the National Recovery Act will mean higher costs which will be passed on to the public. Practically everything will cost more, retail prices having been advancing about 1%^{*} per week from August to October 1933, but if the N. R. A. results in a reemployment of workers it will have served a great purpose regardless of any other details.

Some figures for the latter part of the year 1933, compiled by the State Recovery Board show that about 94 per cent of the business in Massachusetts is under the Blue Eagle.

* Estimated

KIND OF BUSINESS	NUMBER	EMPLOYEES
Manufacturers	9,311	375,861
Wholesalers	3,420	27,608
Retailers	45,968	115,568
Service Organizations	18,317	65,666
General Contractors	25,760	19,671
Miscellaneous	<u>6,036</u>	<u>28,302</u>
Total	88,812	632,676

On November 1, 1933, President Roosevelt decided that the recovery campaign was really pushing wages, employment, and commodity prices upward. From records submitted by Secretary of Labor Perkins, President Roosevelt found that the average hourly wages had increased from 42¢ per hour to 51¢ and that the hours of work per week had declined during the four months preceding November 1, from 42 to 36. The National Recovery Act apparently had functioned as intended, and many believe the codes of fair competition adopted under the N.R.A. program will be a permanent part of American business in the future. President Roosevelt has already written to Edward A. Filene, chairman of the Massachusetts State Board to ask him to continue the operation of the Massachusetts State Recovery Board in supporting the N.R.A. beyond January 1934.

PUBLIC WORKS PROGRAM

The Public Works Act is another ambitious attempt to put men back to work. As industry cannot now absorb all the unemployed the public works programs will

* N. R. A. State Recovery Board figures

Summary of Expenditures

Expenditures

Kind of Expenditure

1934-1935

1935-1936

1936-1937

1937-1938

1938-1939

1939-1940

1940-1941

1941-1942

1942-1943

1943-1944

1944-1945

1945-1946

1946-1947

1947-1948

1948-1949

1949-1950

1950-1951

1951-1952

1952-1953

1953-1954

1954-1955

1955-1956

1956-1957

1957-1958

On November 1, 1955, President Eisenhower has been

that the majority comprise the truly patriotic

employment, and especially those who are

submitted by Secretary of Labor Robert

Executive Order and Executive Order 10450

transferred from the post in 1954 and that the

work has been completed during the four months

ending November 1, 1955. The National Highway

has apparently been completed as intended, and

leave the work of this commission subject to

E.H.A. program will be a permanent part of

business in the future. President Eisenhower has already

written to Edward A. Wilson, Chairman of the

Executive Order 10450 in 1954 to provide the

work of the Eisenhower State Highway

ending the E.H.A. program January 1956.

Public Works Program

The Public Works Act is another ambitious effort

to put men back to work. An industry group has

said all the unemployed the public works program will

help. Such works as municipal water and light, public buildings, housing, roads, power dams and water ways are the most important projects under consideration. By appropriation of \$148,000,000 the N. I. R. A. provided authority for the President to create the Federal Emergency Administration of Public Works. The President empowered the Public Works Administrator to aid any public body interested in building necessary bridges, schools or roads, by providing 30% of the amount, the towns paying the remaining 70%.

The Commonwealth of Massachusetts in Chapter 365 voted to it should effectively co-operate with the federal government in an extensive program of public works. The state then appointed an Emergency Public Works Commission to function until June 13, 1935, the aggregate expenditure not to be in excess of \$22,000,000, and not more than \$10,000,000 is to be expended for work on roads. The measure further specifies that construction, reconstruction or resurfacing roads and the construction of sewers shall be by human labor, and wages shall not be less than prevailing rate of wages as established by the federal government. A list of projects up to December 19, 1933 as figured by the State Emergency Public Works Commission is as follows:

* "A Primer of the New Deal" Pub. by American Education Press N. Y. P. 41

** Ibid.

Projects Submitted to
FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS
 by
STATE EMERGENCY PUBLIC WORKS COMMISSION
As of December 19, 1933.

Adjutant General	\$ 356,000
Department of Public Welfare	1,199,000
Metropolitan District Commission	956,000
Department of Education	706,000
Department of Public Health	331,400
Department of Mental Disease	7,429,000
Department of Correction	2,302,000
Department of Public Works	7,138,000
Department of Public Safety	399,000
Soldiers Home	<u>241,000</u>
Total 128 Projects	21,057,400

In support of the this plan of co-operation 28 municipal applications aggregating \$4,500,000 and 81 state applications aggregating \$9,000,000, making a total of \$13,500,000 have been received by the State Emergency Public Works Commission for approval. None of these applications will be approved unless they will provide employment within a year, in order to make the unemployment relief immediate.

Tremendous amounts are being expended in this state. About \$1,935,000 will be expended by the Federal Emergency Administration for improvements to six state institutions all approved by Secretary Ickes of the Department of Commerce. Thirty per cent of the total cost will of course be borne by the Federal Government by agreement, and hundreds of men will be put to work on these projects covering a period of about

one year.

The work at Norfolk, on three prison dormitories, is the largest one in this group of projects. The City of Boston's public construction program up to April 4, 1934 was \$6,950,000 under P. W. A. approval. Cambridge will provide for a new sewerage system and a sufficient amount will be expended to widen Concord Avenue. The Cape Cod Canal widening is a tremendous project, and doubtless hundreds of men will be employed. The Highway bridges at Bourne and Sagamore are other big projects, and a railroad bridge at Buzzards Bay, with the highway approaches, test borings, engineers' work, and general overhead, will mean more work for labor. In the same federal allotment granted August 3, 1933, Boston Harbor is to have its anchorage channel at Presidents Roads widened. These projects will provide for the expenditure of millions of dollars by the government.

Quincy and Weymouth, will have a new bridge over Fore River and another will be built over the North River between Marshfield and Scituate. In Boston, Mayor Curley has proposed a subway under Huntington Avenue which he estimated would cost \$8,500,000, employ 300 men for two years, and wipe out the welfare list almost completely. After a hearing it must be approved by the Emergency

Finance Board and the National Administration at Washington. This particular project probably will never be approved.

On June 23, 1933, Public Works Administrator Ickes notified Governor Ely that Massachusetts had been allotted \$6,597,100 for state highway construction, and urged that the projects be started as soon as possible now that this money is available. * Secretary Ickes promised that local materials of a suitable nature would be used where feasible, thus Massachusetts business houses and laborers will directly benefit by all such building work.

The Federal government is building new post offices in many of our important cities as part of the national public works program. These are all a part of the great scheme to give work to hundreds of laborers at fair scale of wages. In this state the prevailing rate of wages is paid to operators and workers on public work programs. Our Department of Public Works in Massachusetts after consultation with the Department of Labor and Industries, ** issued an informal rate to which it asked contractors to abide, so that they cannot exploit labor.

A plan for an expenditure of almost \$3,000,000 in Hyde Park for construction of 600 single dwellings was presented to the State Housing Board on October 25, 1933. The proposed plan contemplates the erection of houses

* "Boston Post" 10/10/33 p. 1

** Annual Report. Mass Dept of Labor and Industries P. 10

from one, to two and one-half stories, built to sell for \$4,900. In East Boston a similar housing plan on a \$4,000,000 project called Neptune Gardens is also proposed. Another is the development by the Columbia Garden Corporation in South Boston with proposed expenditure of \$5,000,000 was approved on October 3, 1933 by the State Housing Commission. The plan calls for the construction of 20 buildings with 960 apartments. These are all worthy and ambitious plans and their development will greatly assist general economic recovery locally.

We all hope that we will not have the same experience as England in the matter of public works programs. Ramsey Mc Donald said, "The policy of expending large sums on public improvements had proven a failure." He claimed that relatively few men were employed, taxes were increased, and business did not increase. It is true that Government cannot provide permanent employment by any public works program, but temporary work is better than none.

Under a federal government plan adopted November 17, 1933, a new public works program called Civilian Works Administration was worked out in Washington, whereby men previously on welfare lists would be given work. Towns and cities in Massachusetts were to immediately receive from the federal government 25% of the cash necessary for new projects or projects not

...one, to two and four-story buildings, built to replace
the old ones. In West Boston a similar program is also
in progress. Another in the development of the city is
the construction of a new hospital in South Boston with an
expenditure of \$5,000,000 was approved in 1933 by the
Boston Housing Commission. The plan calls
for the construction of 10 buildings with 500
apartments. These are all worthy and ambitious plans and
their development will greatly benefit the city.
Locally.

We all hope that we will see some of these
plans as they are in the hands of the city.
Mayor Mc Donald said, "The policy of expansion
and the public improvements and the city's future."
He stated that relatively few new jobs are being
created, and business and industry are not
growing. The Government cannot afford to continue
to pay for any public works program, and therefore
it is better to stop.

Under a Federal Government also known as
the Federal Works Project Administration
in 1933, a new public works program called
the Works Administration was started in the
United States. It was designed to provide
work for the unemployed. The Federal Government
has been successful in its efforts to provide
work for the unemployed.

already under way. Such projects are suggested as laying of sewers and water pipes, repairing city, town and state roads, works on public parks, civic improvements, construction of bandstands, building of side walks, improvement of rivers and harbors, improvement of river banks.

The plan was devised to re-employ more than 130,000 Massachusetts workers, and 4,000,000 national workers at approximately \$20.00 per week. The workers taken from welfare lists were already receiving about \$10.00 per week without working, so their pay is just about doubled in most instances.

The total amount available for the State of Massachusetts under this new plan is about \$7,000,000 according to Joseph W. Bartlett, Chairman of the Massachusetts Civilian Works Board. This is a great success and in many towns the welfare list has been almost wiped out for a period of many weeks in the latter part of 1933.

ALCOHOLIC BEVERAGES

It is hoped that the return of legalized sale and transportation of alcoholic beverages will sufficiently stimulate the brewing business to relieve thousands of unemployed men. Just how many thousand men will be reabsorbed into the legal industries affected is merely

* Sec. 204 N.I.R.A.

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a matter for conjecture, and there is a wide difference of opinion as to the ultimate result.

On one hand we have those who believe that with the inefficient operation of thousands of "speak-easies" more men are actually employed than will be the case under new efficient machine production and systematic distribution. Others believe that when the breweries reopen and beer is dispensed at clubs, taverns, and cafes, that we shall see the return of prosperity and unemployed men will get a job.

Which of these ideas is the correct one we do not know, but we like to believe that the latter is true. Let us look at some reliable data on the subject to endeavor to prove the contention that the return of legalized liquor will help unemployment conditions.

In prewar days the brewing industry consumed:

3,220,000 tons of coal.
69,000 cords of wood.
527,000 bbls. of oil and gasoline
3,649,000 cu.ft. of gas for heat and fuel.

The brewing industry required:

180,000 freight cars to haul coal
from the mines to brewing plants.
1,800,000 freight cars to haul other raw
materials.

From these figures we can see that related business will thrive when the brewing industry is unrestrained and this is of tremendous importance. The distribution alone of alcoholic beverages would engage

a matter for consideration, and there is a clear indication
that the opinion as to the situation is
that the fact we have found that the
the industrial operation of the industry of the
there was no seriously damaged then will be the case
under new efficient machine production and systematic
distribution. It is believed that the
revenue and cost in the industry of the
fact, that we shall see the extent of the
employment men will not be

Which of these is the correct one we do not
know, but we like to believe that the latter is true.
Let us look at some reliable data on the subject.
endeavor to prove the statement that the return of
industrial output will help unemployment conditions.
In recent days the following industry statistics:

1,250,000 tons of steel
1,200,000 tons of iron
1,200,000 tons of coal
1,200,000 tons of oil
1,200,000 tons of gas

The following industry statistics:
1,200,000 tons of steel
1,200,000 tons of iron
1,200,000 tons of coal
1,200,000 tons of oil
1,200,000 tons of gas

From these figures we can see that the
there will be a large increase in the
obtained and this is at the industrial industry. The
distribution alone of the industrial industry would
a large increase in the industrial industry.

thousands of men as truck drivers. Steins and goblets, wood for barrels and boxes, and related businesses showed an immediate increase with the advent of 3.2 % beer. L. Seth Schnittman, chief statistician of the F. W. Dodge Corporation, estimates that more than \$65,000,000 was spent in the spring and summer of 1933 for new breweries, and for alterations to old ones. The estimate was based on reports from 37 states, East of the Rocky Mountains. Another estimate made by the United States Brewers' Association is that about \$400,000,000 was spent by brewing industries for expenses incidental to starting the brewing business.

Resumption of brewing means employment for brewers, bottle house men, coopers, machinists, steam fitters, automobile mechanics, truck drivers, general repair men, salesmen, and an office force, bartenders, and waiters, freight handlers, railroads, glass works, box, barrel and cap factories will get increased demands, and will employ more men, who in turn will spend. This will raise purchasing power, and more men will be employed to meet the demand. C. T. Revere, economist for Mureds, Winslow and Potter, Members of the New York Stock Exchange, believes that the repeal of the Prohibition Amendment can be hailed as the first step in our economic recovery.

Massachusetts had over a dozen licensed breweries

The Diamond Spring Brewery in Lawrence, has 150 employees, the Harvard Brewing Company of Lowell employs over 300 men. Dawson and Son, New Bedford will employ 150, and Smith Brothers of Lowell contemplates a force of over 150 men. Commerical Brewery, Charlestown and Haffenreffer in Jamaica Plain employ another six hundred.

Mr. Roswell T. Phelps, director of Statistics in the Massachusetts Department of Labor, estimates that in the State of Massachusetts 5,419 will be re-employed with the return of alcoholic beverages, but against this figure we must consider the large number of illegitimate workers who may then be unemployed. However it seems that the return of alcoholic beverages will be a stimulant to related business and also restore confidence to business, and this is exactly what it needs.

CIVILIAN CONSERVATION CORPS

The Civilian Conservation Corps was created to give profitable work to the unemployed young men for two years, with enlistment periods of six months and is under the Director of Emergency Conservation Work, Mr. Robert Fechner, of Wollaston, Massachusetts. Every state has thousands of these unemployed young men to do work such as building forest telephone wires, fire-breaks, range fences, forest highways, and clearing fire hazards.

* Estimated by The "Boston Post"

President Roosevelt in explaining the C. C. C. says, "It is not a panacea for all the unemployment but it is an essential step in this emergency." The work is neither charity or dole in character. It provides plenty of work, which can be done by any healthy young man, and present and future benefits will accrue. Our natural resources will be conserved and not one other man is being displaced.

There are 1433 camps established, with 300 of them in our Eastern states, and on July 1, 1933 there were 299,375 men enrolled including 25,000 war veterans.^H The men who are employed in these encampments need no previous training to work in the forests. The United States Forest Service has 1,000,000 man-months of work awaiting the C. C. C. boys. Boston's quota is 900^{HH} and Massachusetts' quota for the C.C.C. is 8,750, and over 12,000 have already applied for the work. The applicants are usually single young men picked from welfare lists in cities and towns. The Massachusetts men are all trained at Fort Devens at Ayer, and later they go to one of the forestry camps in Maine, New Hampshire, or Vermont.

These men all need full equipment so the government furnishes each man with all the necessary clothing for life in the woods. Manufacturing companies reap orders, and labor is needed to produce the necessary equipment

* Ibid. P. 186 footnote

HH Ibid.

so business benefits greatly. For example the Cape Ann Manufacturing Company of Gloucester was awarded contracts for the manufacture of 7,000 mackinaws @ \$3.00 each and 50,000 blue denim jackets @ 80¢ each. Total contracts figure about \$61,000. It is estimated that these two contracts alone will keep over 100 men busy for over two months. The Hood Rubber Company of Watertown received a government C. C. C. contract for hunting boots so they will manufacture 7,500 pairs of these @ \$2.50 per pair. The United States Rubber Company of Boston, received an even higher figure for 7,200 pairs of similar boots. ^x The leather used in these hunting boots is a New England product which stimulates an allied industry here.

In addition to taking thousands of the unemployed off the streets the C. C. C. has been the means of stimulating business and preserving and developing some of our natural resources and one the whole is a splendid movement.

MONETARY CHANGES

During the course of depression the changing price levels, falling wage scales, and vacillating value of the American dollar has led many to believe that we needed a monetary change to take us out of it.

In connection with monetary changes we have had many proposals, the principle of each being some method

^x Figures in this paragraph are from a Boston "Post" clipping.

as business facilities generally. The amount of the loan for the purpose of the project was estimated at \$2.50 million for the construction of 7,500 houses at \$3.33 each and \$5,000 for the purchase of 100 cars. The total estimated figure about \$81,000. It is estimated that these two contracts alone will keep over 100 men busy for over two months. The Road and the Company of Water-ways received a Government of U. S. contract for hunting boats as they will manufacture 7,500 boats at a cost of \$2.50 per boat. The United States Government of Boston, received an even higher figure for 7,500 pairs of similar boats. The leather used in these hunting boats is a New England product which is obtained in allied industry here.

In addition to taking thousands of the unemployed off the streets the U. S. has been the source of stimulating business and generating and developing some of our natural resources and one who is a splendid movement.

MONETARY CHANGES

During the course of depression the changing price levels, falling wage scales, and resulting value of the American dollar has led many to believe that we needed a monetary change to take us out of it.

In connection with monetary changes we have had many proposals, the principle of each being more or less

A. Wright in this connection are the "Wright" proposals.

of inflation. Inflation has always appealed to those in debt as an easy way to shake off debt burdens, but the creditor group always opposes. Whether we would eventually have inflation or not, was a matter of conjecture and the uncertainty hurt business, as it stifled confidence and men would not contract for future payment or commitments, knowing the dollar value might change.

In his inaugural address President Roosevelt called for "a sound, but adequate currency." Many thought he implied by this that we needed more money, and if he were to carry out his speech to the letter it would result in inflation, the exact extent of which would be uncertain. It would be doubtful if even the great President Roosevelt could stop the wild tide of inflation if he should eventually decide to resort to it.

The United States Congress repealed the gold clause in United States Bonds, and gave the President broad powers to inflate the currency. The following is a summary of power given the President:

1. He may ask the Federal Reserve Banks to buy and hold \$3,000,000,000 worth of government bonds.
2. Government treasury may issue \$3,000,000 United States Notes in payment of Federal

obligations, not backed by gold.

3. He may cut gold content of dollar 50% and may provide for unlimited coinage of silver at his own ratio.

4. He may accept \$200,000,000 in silver for war debt settlement. This money received would be basis for an issue of "silver certificates."

President Roosevelt availed himself of the first step in the series of operations authorized under the inflation act, and authorized the Federal Reserve Banks to buy government bonds which by November 1933 amounted to \$2,400,000,000.

It is thought that by buying these bonds from those who offer them for sale, that these securities will be taken out of circulation into the reserve banks, and in theory the money will be placed in circulation. If this method of open market operations proved successful to loosen credit, and bolster business President Roosevelt had no intention of using any of the other measures at his disposal to control inflation, but it was found to be insufficient. This policy of buying government securities continued at about \$10,000,000 weekly during June and July. In the week of August 23, \$35,000,000 was added to the Government portfolio. This attempt to force credit

* Monthly Bulletin for Nov. 1933 Pub. by Nat'l City Bank, N. Y. p. 161

** Ibid. Sept. 1933 p. 133

expansion by pumping funds into the market has been tried before, but each time without the expected success.

The failure of credit to expand has not been due to lack of funds available for lending, but to a scarcity of paper eligible for bank investment as there has actually been more money in circulation since 1929 than before that date. It is credit which is slow, as our supply of currency now is ample for all needs.

Of primary importance is the gold buying policy of President Roosevelt, overshadowing all other financial activities during the latter part of 1933. A storm of protest arose from the President's attempt to raise commodity prices by having the Reconstruction Finance Corporation buy gold, paying for it by issuing its debentures.

The statutory mint price of gold is \$20.67 an ounce, but on October 21, 1933 the price fixed by the Treasury was \$29.01. Four days later the R. F. C. bid \$31.45 and later \$33.76. The actual purchases of gold was only 469,491 ounces, costing \$15,683,000, but the purpose of the government policy to depreciate the currency was satisfied. Thus gold at \$33.76 is equivalent to a reduction in the gold content of the dollar of about 38 per cent, which is only 12% short of

the depreciation figure authorized by Congress.

President Roosevelt believes that if he can control the price of gold he can thus gain control of the price level, which is supposed to follow the price of gold. In theory this may be true, but all commodities did not follow the proportionate rise in the price paid for gold. It remains to be seen whether President Roosevelt's gold buying policy will be effective in raising the commodity price level.

A silver plan was next instigated by President Roosevelt to partially satisfy rabid inflationists, and to win over the silver states to support the Roosevelt policies. The silver plan authorized by Congress is designed to raise commodity prices by increasing the purchasing power of over one-half the world's population, and will stabilize silver here at $64\frac{1}{2}$ cents an ounce.

The monetary policy of the United States has been changed during the past year, but if the commodity price level can be raised the purpose for which these policies have been designed will have been fulfilled and the people will presumably be better off economically.

The Government of the United States has been requested by the Government of the United Kingdom to take steps to ensure that the gold market is not flooded with gold from the United States. The Government of the United States has agreed to this request and has taken steps to ensure that the gold market is not flooded with gold from the United States. The Government of the United States has agreed to this request and has taken steps to ensure that the gold market is not flooded with gold from the United States.

A letter from the United States to the United Kingdom has been received. The letter states that the United States has agreed to the request of the United Kingdom to take steps to ensure that the gold market is not flooded with gold from the United States. The letter also states that the United States has taken steps to ensure that the gold market is not flooded with gold from the United States. The letter further states that the United States has agreed to the request of the United Kingdom to take steps to ensure that the gold market is not flooded with gold from the United States.

REMEDIES PROPOSED

UNEMPLOYMENT INSURANCE AND RESERVES

General Discussion

Since the advent of the depressions of 1921, and 1929, with their subsequent tremendous unemployment and hardships, we have turned to a discussion of unemployment insurance as a possible measure of relief for the unemployed. In every economic crisis, or depression, it is evident that the industrial worker must be provided for amply, but after the acute pinch is over it seems he is forgotten until the next crisis.

Although it is impossible to give every man a permanent job, as we indicated under the chapter on employment, we can devise plans to insure every worker against the time he may be unemployed. We are still far from our goal of protecting workers as according to the Industrial Relations Council, Inc. it was found that only 107,000 persons out of 23,000,000 wage earners had any protection by unemployment insurance.

Labor leaders are greatly in favor of unemployment insurance claiming that a man who is laid off from work should get some part of his pay, just as he would under the provisions of the Workmen's Compensation Law, if he were physically injured. There is no doubt that in

* "Economic Stabilization in an Unbalanced World" A. Hansen
Footnote P. 197

General Principles

General Principles of the Department of Education

General Principles

It is the duty of the Department of Education to provide for the education of all children, and to ensure that the education is of the highest quality. The Department is responsible for the development of the curriculum, the appointment of teachers, and the inspection of schools. It is also responsible for the provision of financial aid to schools and for the provision of facilities for the education of children with special needs. The Department is committed to the principle of equality of opportunity for all children, and to the principle of the highest standards of education.

Alignment is the process of ensuring that the curriculum, the teaching, and the learning are all aligned with the same set of goals and objectives. This is done by ensuring that the curriculum is based on the same set of principles and values, and that the teaching is based on the same set of methods and techniques. The learning is then based on the same set of outcomes and standards. This ensures that all children are working towards the same goals and objectives, and that the education is of the highest quality.

Every teacher who teaches in the Department of Education is responsible for ensuring that the curriculum, the teaching, and the learning are all aligned with the same set of goals and objectives. This is done by ensuring that the curriculum is based on the same set of principles and values, and that the teaching is based on the same set of methods and techniques. The learning is then based on the same set of outcomes and standards. This ensures that all children are working towards the same goals and objectives, and that the education is of the highest quality.

A person is considered to be a member of the Department of Education if they are employed by the Department, or if they are a member of the Department's staff. This includes teachers, administrators, and support staff. The Department is committed to the principle of equality of opportunity for all members of the Department, and to the principle of the highest standards of education.

prosperous times some provisions should be made for men who will lose their jobs when the volume of business declines temporarily. Roger W. Babson believes that unemployment insurance is inevitable in this state. There seems to be no doubt it is coming in one of its various forms to relieve workers of that feeling of insecurity and uncertainty they now have.

Extent of Unemployment Insurance

Nineteen countries now have unemployment insurance^x in various forms, and about 45,000,000 workers are insured. It is significant that if Massachusetts had unemployment insurance for the past decade or two, our unemployment funds and reserves would have totaled many millions of dollars, and would have considerably alleviated suffering and hardship here.

In 1911, England adopted compulsory unemployment insurance, and by this act was the first government to realize its importance and act upon it.^{xx} Under the plan in England the employer, employee and government, all contribute to the fund.^{xxx} In 1927, Germany adopted a plan of compulsory unemployment insurance based upon 3% of the workers salary, which has however been changed since then. These two countries have been closely observed by other nations and much has been learned from the results. We

^x "Washington and the Depression" by Roger Babson p. 122

^{xx} "Economic Stabilization in an Unbalanced World" by A. Hansen p. 202

^{xxx} Ibid. p. 200

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have learned especially what not to do in any system of planning.

In Belgium, Denmark, Norway and Switzerland, unemployment insurance is of a voluntary nature and the government limits its contributions to subsidizing private funds which meet certain requirements specified by the government.

Unemployment Insurance Plans in the United States.

No completely satisfactory scheme of unemployment insurance has been yet actually worked out. It is claimed and rightly so that inasmuch as the various plans provide for the unemployed worker, better than no insurance at all the plans fulfill the purpose for which they were originally devised. In none of our plans in the United States do the states or national government contribute a share to the unemployment reserve fund. In this feature we are distinctly different from the English government plan which contributes one third.

In general we have three types of unemployment insurance:

Company Plans: Under this agreement the company bears full responsibility for the contributions or of guaranteeing a steady job. Some plans like this are the Wisconsin State Plan; Proctor and Gamble Company of

Cincinnati, Ohio; The so-called New York plan, and the Fond Du Lac, Wisconsin, Plan.

2. Joint Agreement Plans: Under these terms both employer and employee contribute agreed amounts to the unemployment insurance fund. This has the feature of making the employee provide partly for his own insurance by which a feeling of responsibility and respect for the system is said to be built. It is used by the General Electric Company and Amalgamated Clothing Workers of America, is proposed in the Swope Plan, and also proposed as an ideal arrangement by the committee on continuity of Business and Employment of the United States Chamber of Commerce.

3. Trade Association Plans: By this plan the various trades or trade associations set up rates which all companies in the agreement must meet. Roger W. Babson believes this plan is the best. It is interesting to notice that this is the plan under which the proposed Massachusetts law, will operate.

We shall now discuss the above plans in more detail: The Rochester Unemployment Benefit Plan.

This plan has been in operation in Rochester, New York since 1930. Nineteen employers including Eastman Kodak Company in various classes and sizes of business, employing approximately 26,000 workers find it is one of

*

the best plans used. The following plan of the United States Chamber of Commerce Board of Directors is based on the essentials of the Rochester Plan and after considerable study was recommended to all United States employers for possible adoption. Employees may benefit from this plan after one year, the company paying not less than 2% of total payroll to a reserve fund and if the fund becomes inadequate in emergency all employed workers are assessed 1%. The benefits shall be paid weekly after two weeks of unemployment, that amount of benefits to be a maximum of about \$12, or 60% of weekly salary. The number of weekly payments is not to exceed 13 weeks if worker has been employed 5 years or more. The benefit receiver shall try to secure other employment from exchanges during the period of his unemployment.

Plan of Amalgamated Clothing Workers of America

This plan also known as the Chicago plan was started in May 1923 after being stimulated by our depression of 1921. In 1928 the employers' contribution to the unemployment fund was raised from 1.5% to 3%, but the employees' contribution remained at 1.5%. In event of unemployment, benefits are received for 7½ weeks per year with maximum pay of 40% of salary, or \$20. From May 1924 to May 1931, six million dollars has been distributed under this plan.

* "America Faces the Future" edited by Chas. Beard p.226
 ** Ibid. p. 248

The first thing I noticed when I stepped out of the plane was the cold air. It felt like a giant hand reaching out to grab me. I shivered as I walked down the stairs. The ground was hard and uneven. I looked around and saw a vast, open landscape. In the distance, there were mountains and a few small villages. The sky was clear and blue. I took a deep breath and felt a sense of freedom. I had finally reached my destination. I walked towards the village and saw a group of people standing there. They were looking at me with curiosity. I smiled and waved. They seemed to be welcoming me. I walked towards them and they greeted me with a warm smile. I felt a sense of belonging. I had found a new home.

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New York Plan

Under this plan used in New York City, there is but one fund and the employers alone contribute. Benefits are paid as conditions warrant, and the rules are more indefinite than in either the Rochester or Chicago plans.

Guaranteed Employment Plan

In Cincinnati, Ohio, the Proctor and Gamble Company on August 1, 1923 adopted this plan in which over three quarters of their employees are covered. Under this unusual and apparently generous plan, no reserves are set aside, or paid by the employee, the entire burden of unemployment benefits being charged to production. This company guarantees 48 weeks work per year, and the employees must buy stock in the company amounting to one years wages.

This plan is not to be particularly recommended because in really hard times, if the company were to abide by its agreement it might be forced out of business, and the worker would lose both his job and unemployment
*
benefits.

General Electric Plan (Swope Plan)

This plan is probably the largest factory plan in existence. Approximately 35,000 employees voluntarily contribute 1% of their actual weekly or monthly earnings

* No change up to August 1932, per Mass. House Bill 1200
P. 241

and up to December 31, 1930 had paid in \$350,000. These figures have since been greatly reduced. The company makes a contribution equal to the employee's, and pays benefits after two weeks for a period of not more than ten weeks in a year and not over \$20 per week or fifty percent of the employees pay.

Fond Du Lac, Wisconsin Plan

This is hardly a plan Massachusetts industry would care to adopt as it involves a contract, whereby each company entering into the agreement will hire workers laid off by any of the other parties to the agreement. If there is no work in any of the companies to the agreement the worker gets 65% of his wages for 100 days, after a waiting period of 15 days.

In a prosperous year this plan would operate to the mutual satisfaction of employer and employed, but in depression times when every firm is laying off men, we fail to see why it would not discourage the employer from entering into any such agreement which is bound to be a drain on the company's funds.

Wisconsin State Plan

The State of Wisconsin has recognized the need of unemployment insurance to stabilize employment, and avoid extensive lay-offs.

Features of the new law are that each employer must pay into the state treasury 2% of the payroll until it reaches \$55 per worker, and after that only 1% of payroll until the fund is \$75 per worker at which time contributions may cease. The workers make no contributions, the burden being carried entirely by the employer.

Insurance benefits paid upon involuntary unemployment of workers are \$10 per week or 50% of salary whichever is lower, \$5.00 however being the minimum payment. The benefits cannot extend beyond the fund provided by the employer, and will not be paid more than ten weeks in any one year.

The following type of workers are excluded from the operations of their new law: Farm labor, domestic servants, relief workers, school teachers, public officials, salaried public employees, part time workers, and those who have not worked in the state for forty weeks in the last two years.

It will be interesting to see how this plan will work out in contrast to the General Electric Plan, wherein both employee and employer contribute funds.

Proposed Plan for Massachusetts

There is no doubt a definite trend towards some form of unemployment insurance in Massachusetts. A

proposal is now before the Massachusetts legislature on unemployment insurance*. It provides for different premium rates for different groups of industries, the premium being based on the amount of unemployment in each group. This bill provides that an enterprising employer may reduce his premiums to a minimum, by cutting the amount of unemployment in his factory. The proposed bill also provides for a system of charges and credits on the premium paid, in proportion as their unemployment is above or below the average for their class of industry...The financial incentive offered to the employer to cut his unemployment is an admirable feature, and if the bill is soon adopted it should work very nicely.

What a Good Massachusetts Plan for Unemployment Should Do

A suitable plan worked out for adoption should contain the following features:

1. Should help stabilize business and employment. It should give a comparatively evenly distributed purchasing power throughout the year to workers.

2. Enable workers to shift from town to town without danger of losing accrued benefits. This insures mobility of labor which is most desirable under terms of unemployment insurance.

3. Provide that both employers and employees

* Mass. House Bill 1200 pp. 192-236

contribute to all insurance funds. This should bring a closer relationship and mutual understanding between the employer and employed. It will build up a feeling of respect and partial security in the worker which should make him to be a more contented, careful, and responsible worker.

4. The amount of insurance benefits should be more per week than the worker could collect from "City Aid", otherwise there would be no great incentive to be a party to, and pay for insurance.

5. Life insurance, pensions, and disability insurance should be clauses, as in many industries dangerous work is the cause of permanent injury and ordinary unemployment insurance stops after about a dozen weeks, unless the worker is provided for by such disability insurance. Pensions should be provided by agreement, so a worker could retire on one half pay at about seventy years of age. In our industrial system very few men can save enough on their small pay to care for themselves when they are old so a fund should be provided to insure workers in their old age.

There are doubtless many points one could criticize in these suggestions. The actual operation would probably not give entire satisfaction to everyone but it would do the majority of workers more good than any of the plans we have had up to date.

Good Features of Unemployment Insurance

We shall now discuss some of the good features of unemployment insurance. In theory the following are the good features of unemployment insurance:

1. It assures the worker that he will either be employed or get compensation when he is not employed. It will give him a feeling of security, relieve him of worry, and should develop him into a more efficient worker, interested in the success of his company.

2. In the proposed Massachusetts law, a financial incentive is provided for both employer and employee to work steadier and this of course will react to the benefit of both parties.

3. Employees will not be so quick to lay off men at a moments notice or the instant the demand for goods falls off.

4. Will make employers plan their work better so as to retain the same number of workers as nearly as possible throughout the year. Through the operation of our proposed Massachusetts plan, competitors in trade associations will plan better so that less hardships will result to business owners and this in turn will mean a favorable effect upon the workers who will as a result have steady employment. Seasonal rushes can be ironed out and a steady year's work will be substituted.

5. By payment of insurance funds when they are due workers will not suffer from lack of cash as they have in the past.

6. Payment of these funds to the unemployed will mean that the purchasing power of the workers will not be reduced as it would be if they received no money, and they were idle. This of course, means that business stability will be just that much nearer a full realization.

Evils of Unemployment Insurance

It cannot be denied that unemployment insurance will have certain evil results if adopted in Massachusetts, as in other states and nations the experience has not been wholly satisfactory. Some of the evils are:

1. It does not prevent unemployment as many expect. It merely is designed to give some measure of protection when the inevitable day of unemployment arrives.

2. Makes higher industrial costs where the employer contributes to the fund, which in turn serves to reduce the number of men who are employed. It is fundamental that the more expensive labor becomes, the more incentive will be offered to employer to use machines to displace workers. This means more unemployment as a direct result of the unemployment insurance. The unemployment insurance premiums paid by the employer means more expense in operating his business and profits are reduced. There

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is thus less incentive to invest money in business and there is less plant expansion and capital becomes scarce resulting in more unemployment.

3. Since the marginal producer is just getting by, the additional cost of unemployment insurance in many cases will be just enough expense to put him out of business. He has no surplus and he will not continue in business with the result that many workers will be among the unemployed. Even if the marginal producer does remain in business he will no doubt cut down the number of employees under provisions of unemployment insurance laws and this means an increase in the number unemployed.

4. Prevents "mobility of labor", as under ordinary conditions a laborer will go where there is work after losing his job but under unemployment insurance terms, he will have less incentive to look for work elsewhere, but will linger near his old job and wait for the shop to reopen, meanwhile receiving unemployment insurance money. Indeed many workers will even come to look forward joyously to some seasonal unemployment where they will get a rest and receive one-half pay at the expense of the consuming public.

5. In a measure, unemployment insurance is a guarantee of wages. Certain men should not be permitted to feel that if they are discharged they will receive compensation as they would take unwarranted advantage of

It is not necessary to say that the
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this privilege at the earliest opportunity.

6. When, if ever, unemployment insurance is nationally adopted, labor will eventually come to look upon it as an "inalienable right". Labor will try to make fewer and fewer contributions and eventually if the employer cannot and will not pay the insurance benefits, labor will demand them. Workers will expect the state and national government to help them get their lost "rights". They may use all the power of organized labor to get what they want by protests of all kinds, including strikes. Eventually a "dole" may result as in England, where the workers look upon their "dole" as something which the government is absolutely obliged to give them. They have come to resent a "means test" to indicate whether or not they really need the "dole" money. Workers look upon the dole as something the government must give them or they will try to make trouble to obtain it.

On the whole unemployment insurance and reserves should work out to the satisfaction of both employer and employed but the plan must be revised from time to time to provide for changes as they occur. Eventually it seems that most of the industrial states will have a system of unemployment insurance and reserves.

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MISCELLANEOUS REMEDIES

There have been many remedies proposed to relieve us of the burden of this depression. Some are fantastic some temporary measures, and others might cast us into worse chaos than the difficulties they would allay. The layman had his ideas gleaned from his study of newspaper and magazine articles and the specialists had what they considered to be better programs, but even among themselves they disagreed. All could not be right, it was recognized so each considered his ideas best and the other plans almost impossible of operation. Let us look at some of these plans.

SHARE THE WORK: The Share-The-Work movement was one of the first schemes introduced as a remedy to relieve the effects of depression. The Federal Reserve Banking and Industrial Committee took a most active interest in encouraging the movement which at first was thought to be the solution to our unemployment problem and economic ills. The Share-The-Work movement had three objectives:

1. To check upward trend of unemployment.
2. To decrease unemployment by spreading work among larger groups.
3. Whenever increased volume of business permits

employ additional personnel, rather than working overtime with longer schedules and same personnel.

Thousands of companies conformed to the above suggestions and found it possible to use some of the following methods.

- A. Reduced days per week or working period.
- B. Reduced hours per day.
- C. Shorter shifts in continuous operation.
- D. Alternating shifts, or individuals.
- E. Rotation of days off.
- F. Extended vacations, or furloughs without pay.
- G. Fix length of maximum and minimum work week.
- H. Training and transfer.

These plans are all self evident by their titles and have been found most effective in accomplishing the result desired to spread the work. The most common plans in operation seem to be in the above arranged order with the first two far more common than the others.

The Share-The-Work movement is a tremendous success and according to figures published by the Federal Reserve Banking and Industrial Committees there were in the United States 35,000 employees of a group of telephone companies 3,000 oil refinery employees, and 1,400 of a hotel system's employers retained as a result of sharing

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the work. The system has kept dire distress away from thousands of workers who would have felt the depression effects even more keenly than they already have.

John W. Davis' Remedies: John W. Davis, reputed to be one of the most able lawyers in the United States says the country is "more in need of surgery than of opiates". He suggests the following:

- A. Balance the budget. Sales tax if necessary.
- B. Reduce swollen veterans appropriations.
- C. Revise tariff to promote foreign trade.
- D. Readjust foreign debts.
- E. Repeal the 18th Amendment.

Such a program appears to be what this country really needs.

NATIONAL THIRTY HOUR WEEK: A bill to prevent interstate commerce in commodities produced in industrial activities, in which workers were employed more than five days a week, or six hours a day will be pressed in Congress by our Massachusetts Representative Connery.

Representative Connery, who is Chairman of the House Committee on labor believes that such a bill would, "do more than anything else to improve the country." The N. R. A. program has in a measure appeased Representative Connery's ardor for his proposal.

JOB REMEDY PLAN: Dr. Thomas Nixon Carver, of Harvard in a speech before the National Association of Manufacturers in New York on November 6, 1933, gave a six point plan for combatting unemployment as follows:

A. For decreasing the over supply of labor:

1. Exclusion of immigrant labor.
2. Reduce birth rate, and raise standard of living.
3. Improved system of popular education.

B. For increasing the demand for labor:

1. Encouraging enterprise, suppress predatory business and enforce laws.
2. Safeguard and encourage savings and "blue-sky-laws".
3. Stabilizing credit and purchasing power.

CHANGE MEN'S WARDROBE: Among some of the fantastic ideas we have the suggestion from a female Boston School Teacher that men wear feathers and ribbons. In other words a revolution in the male wardrobe. She maintained that if men introduce color and drapery a revived prosperity would result. She pointed out that it was not until Milady changed from one silk hat and dress in five years to five silk hats and dress in as many months that the women's clothing business boomed.

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CHARGE FOR THE SERVICE: Amongst the most common charges for the service are the following: (1) The charge for the service of the body. (2) The charge for the service of the body. (3) The charge for the service of the body. (4) The charge for the service of the body. (5) The charge for the service of the body. (6) The charge for the service of the body. (7) The charge for the service of the body. (8) The charge for the service of the body. (9) The charge for the service of the body. (10) The charge for the service of the body.

The trouble with this suggestion is that man's psychology must undergo extraordinary changes before they will wear gay colored ribbons even to relieve a depression.

FEDERAL MONEY GRANT: A far fetched proposal was made by Norman Thomas the Socialist leader in New York, on February 10, 1933 when he urged subsidization of consumption by allowing a federal grant of \$10 weekly to every unemployed head of a family and \$5 weekly to every unemployed single man or woman.

This plan would encourage men and women to remain idle, as many of them do not earn as much as this plan would give them even when they are working full time. This was especially true in some of our Southern States previous to the N. R. A.

If this plan were to be carried out it would cost the government \$5,000,000,000 per year assuming 12,000,000 are employed and that about one-half are married and the government would never assume such a burden. Another objection to this plan is that this government welfare list would be apt to grow instead of decline month after month.

TAX ON COMMUTORS: Mayor O'Brien made a suggestion which some of our Massachusetts wish they could follow,

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but they dare not. He suggested a tax on commuters to and from New York City but needless to say this means of raising income for welfare payments was promptly discarded as unacceptable.

FEDERAL EMERGENCY DECREE: In our daily newspapers some good, and some very poor ideas were promulgated by readers. A suggestion by one L. Ratner of Dorchester in the Boston Herald of February 20, 1932, is worthy of mention here. He says, "Let the federal government pass an emergency decree that no employer shall employ any one not belonging to a union and to leave it to the unions to solve the unemployment situation by regulating the amount of working hours in proportion to the amount of labor and production. The purchasing power would automatically increase and at the same time protect the manufacturers from unfair competition among them. Outside competitors could be regulated in a scale in proportion to our prices."

It will be noticed that he was a few months ahead of the N. R. A.

BARTER: In January 1932, Hingham Robert M. Drew conceived an idea to assist the unemployed who had no money. He opened a community store in the business center with the endorsement of the Chamber of Commerce. His

idea was simple. Anyone without a job who wants to make something may bring it in and Mr. Drew would try to sell it. Mr. Drew would give a receipt for the article to be sold and charge a small percentage for the sale. He charged 10% for perishable food and 15% for non-perishable articles.

This plan will work for a time in a small way but it would not greatly relieve the effects of this great depression. It amounts to a modified form of barter and will never be a permanent means of relief.

At the Y.M.C.A. in Cambridge they designed a plan to enable the unemployed to help themselves. Anyone lacking money but having goods or services to trade by applying at the "Barter Exchange", may, "swap what they have for what they need". Alistaire McDougall, Middlesex County farm agent renders assistance to exchange farm goods for services. It is said that there are 140 of these "Barter Exchanges" operating in 29 states. *

COOPERATION OF EMPLOYERS AND EMPLOYEES: A Boston attorney, Frank Zottoli urged co-ordination of workers and owners of mills into co-operative entities to bring about a fresh start. Under his plan workers would be paid no more than they are being paid as doles with further payments to come from the earnings of the mills themselves

after sums advanced to the workers are repaid to the civic institutions that advanced the money at the start of operations.

EX-PRESIDENTS HOOVER'S IDEAS: On February 13, 1933 the then president Hoover addressed the National Republican Club in New York. He said in part, "I am convinced that the first point of attack is to secure assured greater stability in the currencies of the important commercial nations. If the nations will enter the road leading to the early re-establishment of the gold standard then, and only then can the threat of economic war be averted.....the gold standard is the one Gibraltar of stability in the world;.....depreciated currency.....leads to complete destruction."

PRESIDENT ROOSEVELT'S IDEAS: The above important parts of Hoover's speech are here mentioned because when Franklin D. Roosevelt became president he threw out every single one of these policies. President Roosevelt's ideas were the direct antitheses of Hoover's. Whose policy is more nearly correct we cannot at this time say. We can however comment that Hoover followed old accepted economic theories which have been proved to be correct more often than they have proved to be wrong. President Roosevelt for his part admits he is travelling a new un-

after was directed to the witness to the jury
instructions that advised the jury of the facts of the
case.

IN-PROSECUTIONS HOOVER'S TEST: On February 11, 1943
the then President Hoover addressed the National Ship-
ping Day in New York. He said in part, "I am convinced
that the true point of attack is to secure needed
resources especially in the production of the material
commercial nations. If the nation will enter the
leading to the early re-establishment of the world economy
then, and only then can the future of mankind be
assured.... The goal stands in the face of the
world in the world.... International security....
the world's destiny."

PROSECUTION HOOVER'S TEST: The above testimony
of Hoover's speech and the caption and between them
Thomas E. Roosevelt, former President of the United States
and one of those who called President Roosevelt
were the direct and indirect of Hoover's. These two
to be more nearly correct we cannot at this time say.
It was however, common that Hoover followed and accepted
standards of justice which have been tried to be tested
and often have been tested to be tested. Roosevelt
Roosevelt for his part stands as a conviction in the

trodden road. With the advice of a few members of his so-called "brain-trust" his monetary policies are particularly uncertain and in many quarters are regarded as positively dangerous.

It is interesting to notice that the only two living men who have sat as president of the United States of America have such diametrically opposite ideas on so many subjects of major importance. The entire country seems to hope President Roosevelt now has the better policies if depression is to be overcome.

GARDENS: Mayor Curley of Boston had a scheme for providing seeds and garden implements to jobless men who would raise vegetables for their own tables at the same time develop large municipal tracts of land. After due consideration by Mayor Curley and city department heads the matter was dropped.

HOUSING SCHEME: Mayor Curley of Boston had another pet scheme. A \$40,000,000 housing project for Boston. If it could have been approved by the Reconstruction Finance Corporation, it would have been a wonderful means of temporary relief in Eastern Massachusetts.

Mayor Curley had planned to wipe out the so-called slum districts of Charlestown and the North, West and

South Ends of Boston. It was designed to relieve unemployment by providing thousands with work and would furnish modern houses in place of the cheap tenements we now have. The Reconstruction Finance Corporation however would not approve of the mayor's plan.

ABOLISH THE N. R. A.: One of the latest ideas to end our economic troubles is to stop applying the N. R. A. remedy. Senator Dickinson (Rep. Iowa) has promised he will introduce a measure into the next session of Congress early in 1934 calling for a complete repeal of the National Recovery Act. He said, "I want the country to get over its headache and that's the quickest cure I know of."

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A PLAN FOR THE FUTURE

IN INDUSTRY

In writing this thesis on the depression it is appropriate to briefly discuss a plan which would at least partially relieve suffering in the next depression period which seems to be inevitable. It is virtually impossible to devise a plan which will eliminate temporary periods of slow business activity and depression, because there are so many factors over which we shall never have absolute control such as the business cycles, human psychology, fads and fancies in styles changes, seasonal demands, and changes in national income and methods of spending it.

It seems that a single great national plan of action should be adopted and operated by rules and regulations such as the Post Office Department of the Nation, and the various departments in our great city governments. These have definite plans and they are adhered to strictly for the success of the basic plan.

A collective economy would appear to offer best results. Many grave evils of capitalism could thus be eliminated, labor disputes should be more rare, production and distribution more easily equalized and marginal high cost producers and men of unfair business practices could be forced out of business for the good of those remaining.

IN THE FUTURE

In writing this article on the depression it is
assumed that in the early stages of the depression it is
possible to relieve suffering in the next depression period
which seems to be inevitable. It is vitally important
to devise a plan which will eliminate the depression
of slow business activity and the recession. Because of the
fact that the depression over which we shall never have con-
trol is not an economic crisis, but a human physical
one, it is and should be in the hands of the individual
and should be in the hands of the individual and should be
it is not a single great national plan of action
should be devised and carried out in the future and
which we the Post Office Department of the Nation, and the
various departments in our great city governments. These
have definite plans and they are shared in actively
for the success of the whole plan.
A systematic scheme which appears to offer hope
results. Many have tried to solve the problem and have
failed. Labor disputes should be more free, organized and
disposition more easily accepted and national high cost
products and how of unfair business practices could be
forced out of business for the good of those remaining.

OVERPRODUCTION: The first problem to be overcome possibly is that of overproduction, which is one of the major causes of the depression. It is fundamental that we should produce only what may be sold at a fair profit as too much production outruns purchasing power, resulting in depreciation values and prices, depression of business, and increases in unemployment. The latter reduces the purchasing power still more, and the situation is aggravated.

Overproduction caused largely by technological improvements reacted to give lower unit costs due to mass production which was a good thing from the consumers point of view, but it also caused a tremendous decrease in demand for labor which more than overcomes the benefits of lower cost goods. Both industry and agriculture should be under control so that a great surplus would not accumulate in any one season which would deprive workers of an opportunity to produce in subsequent work periods.

A National Planning Board could study the estimated consumptive capacity of the country, and ample provisions could be made in order that too much would not be produced. Allotments could be made to manufacturers and producers in the various parts of the country to produce only certain units of goods and to employ not less than a specified number of workers. This would temporarily discourage any extensive technological improvements, and result

OVERSIGHT: The first reason to be considered is that of oversight, which is one of the major causes of the depression. It is important that we should provide only what we can afford to provide, and the main problem is to provide power, health, and education. The first reason to be considered is that of oversight, which is one of the major causes of the depression. It is important that we should provide only what we can afford to provide, and the main problem is to provide power, health, and education. The first reason to be considered is that of oversight, which is one of the major causes of the depression. It is important that we should provide only what we can afford to provide, and the main problem is to provide power, health, and education.

Overpopulation is caused largely by technological developments, which tend to increase the number of people who can be supported on a given area of land. This is also caused by technological developments, which tend to increase the number of people who can be supported on a given area of land. This is also caused by technological developments, which tend to increase the number of people who can be supported on a given area of land. This is also caused by technological developments, which tend to increase the number of people who can be supported on a given area of land.

A National Planning Board will study the situation and make recommendations to the government. It will also study the situation and make recommendations to the government. It will also study the situation and make recommendations to the government. It will also study the situation and make recommendations to the government. It will also study the situation and make recommendations to the government.

in more general employment. In the labor market shorter hours should be invoked for all, which would automatically decrease production per day and spread the productive capacity of the laborers over a longer period of time during which they could be earning wages to spend, and further stabilize business. The N. R. A. is endeavoring to decrease the number of hours per week, realizing that this will cut production to levels where the goods produced will be consumed.

UNEMPLOYMENT: There has been more unemployment during the last four years than ever before in the history of the country. This must be eliminated even at the expense of progress, temporarily at least, for the benefit of workers. After all what is more important in the United States of America than the happiness, contentment and prosperity of its millions of workers. By planning for production, as mentioned on the previous page, all workers could be employed.

No doubt, despite the plans of various kinds, there will always be some unemployment. The next best plan following employment stabilization is unemployment insurance. Without attempting to discuss its virtues here we may say that it has been known and used for about twenty years with varying degrees of success depending upon the particular situation and rules under which it functioned. English

and German workers for many years have been glad to receive unemployment insurance benefits. According to one ^{*} estimate in the United States there were only 107,000 workers covered by unemployment insurance in 1930.

To obtain best results it seems that both employer and employees should contribute the funds, which should amount to about $2\frac{1}{2}\%$ of the payroll. The benefits of unemployment insurance would be far-reaching as they would help retain a high standard of living, consumer purchasing power, and stabilize industry and employment. Needless to say children have no place in industry as they should be at school securing an education instead of displacing mature workers in industry.

Aged workers should be pensioned, by the trade organization of which they have been members for at least twenty-five years. Transfers from one trade to another should be accepted and the retirement should begin at sixty years of age. This would take thousands of workers out of industry and make them relatively independent.

The population of the country should be limited by the present immigration legislation which will effectively keep out cheap unskilled labor for which we have no necessity now. There are enough citizens who are glad to get any jobs open.

Public Works programs always furnish a cushion for unemployment during times of depression. Public works should be carried out as much as possible at the time when there is an excess number of unemployed available.

UNEQUAL DISTRIBUTION OF WEALTH: The wealth of the country should be more evenly divided. The poor should have more, and the very very rich could get along with less and actually not feel the difference. Government taxes on large incomes and on large inheritances would put the money into the government's treasury where it would do the most good for the time.

If our national income had been more nearly equalized in the past our depression might not have been so severe. The profits in the past which were received by the wealthy owners of industry were reinvested until a top heavy structure formed which would not function to the satisfaction of all classes of our people.

It is of no economic benefit to the people of the United States to have 1.54% of its people own 37.25% of its property. * Business could prosper with a more equal distribution especially with our corporate form of business enterprise wherein all workers might if they wish own a part of the business and share in the profits. There was a time when the entrepreneur was needed, but not now, and in most cases we would be better off without him and

* King, W. I. "Wealth Distribution, 1921" Journal of the American Statistical Asso., June 1927, Page 152

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his large profit taking aims.

THE BUSINESS CYCLE: It is very doubtful if the business cycle will ever be absolutely under control. There are so many thousands of intricate processes in our complex economic order that it is very easy for business to get away from normal, and the cycle effect is felt almost immediately. We have been able to master plagues and famines here, but the business cycle is our nemesis. It is often asserted that these cycles will be of even greater severity in the future, but with proper planning now its effects can be mitigated.

How can the business cycle be evaded? The answer is stabilization, with a unified control. Our course should be plotted, with minor deviation permitted as the occasion arises, but in general a predetermined economic order of stabilization in production and employment should be followed. If unemployment does creep in, unloose the public works program to absorb this labor. Purchasing power will not be lost and the balance in business will not be adverse.

PRICES: Prices should be maintained at a fairly even level, preferably a high one, which seems to give us a higher standard of living, higher wages, and greater general prosperity. President Roosevelt is trying to control and raise the commodity price level by buying and controlling the price of gold. If he can succeed

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in doing this we may be assured of fair prices, based on cost plus a reasonable profit.

A PLAN FOR THE FUTURE

IN AGRICULTURE

CONTROL CROPS: Agriculture has been its own worst enemy by producing a surplus which could not either be harvested or sold at a profit. Indeed thousands of farmers have refused to harvest crops because an additional labor loss would be suffered.

ALLOTMENT PLAN: The Federal Allotment Plan is an excellent scheme to prevent over-production of farm products. Less products will serve to automatically raise prices, the farmers will have an increased income to spend in industrial centers, and trade will be revived permanently. The solution of overproduction of farm products is a completely easy one if it will be followed. Curtail production is the simple remedy to be applied now. The United States Department of Agriculture should have authority to demand that not more than a certain amount of cotton wheat, and vegetables be produced in any given state. This can be justified on the ground that producers are entitled to a fair profit and in order to protect the farmers' interests the total crop will be curtailed. Such a plan should meet with the approval of farmers all over the country as it means more money for less farm products.

REVIVE WORLD MARKETS: Any plan which can be followed to revive the world markets for wheat, cotton, wool and beef should be encouraged. President Roosevelt's success in depreciating the dollar has been followed by an increase in trade which we hope will continue. Although the United States is the world's greatest exporter, we have a tremendous farm products surplus which we would gladly sell if foreign nations would, and could buy. With the depreciated value of the dollar foreign nations can now purchase more for a dollar than formerly, and no doubt they shall avail themselves of the opportunity in the future as they have during the last few weeks of 1933.

A PLAN FOR THE FUTURE IN FINANCE

WAR DEBTS: The United States Government should definitely state the future policy to be followed in the question of war debts. Up to the present time Congress has been against cancellation, but each new Congress toys with the idea, and there is always the possibility that the debts will be readjusted or cancelled. No matter what this government is to do, it should be made very clear and definite, and there should be no suggestion of an uncertain attitude. The present lack of confidence in the world is to a large extent caused by the uncertainty surrounding the war debts. Congress

should make a flat definite statement of policy which a subsequent Congress would be expected to follow, thus relieving all feeling of uncertainty and lack of confidence.

STABILIZE CURRENCY: The currency of the United States should be stabilized to avoid fluctuations in value, which causes a loss of confidence. This really means stabilize the price level, and a wholesale commodity index base would appear to be best for this purpose. A managed currency is the ideal which should provide this stable level of prices from year to year, regardless of outside influences which in the past have affected prices and partially causing periods of inflation and deflation.

President Roosevelt is endeavoring by his gold buying program of 1933-1934 to secure control of the commodity price level and hence control its movement in the future. If he is successful in his plans this will virtually mean a stabilized managed currency, so that money will buy as much in any one year as it will in the next.

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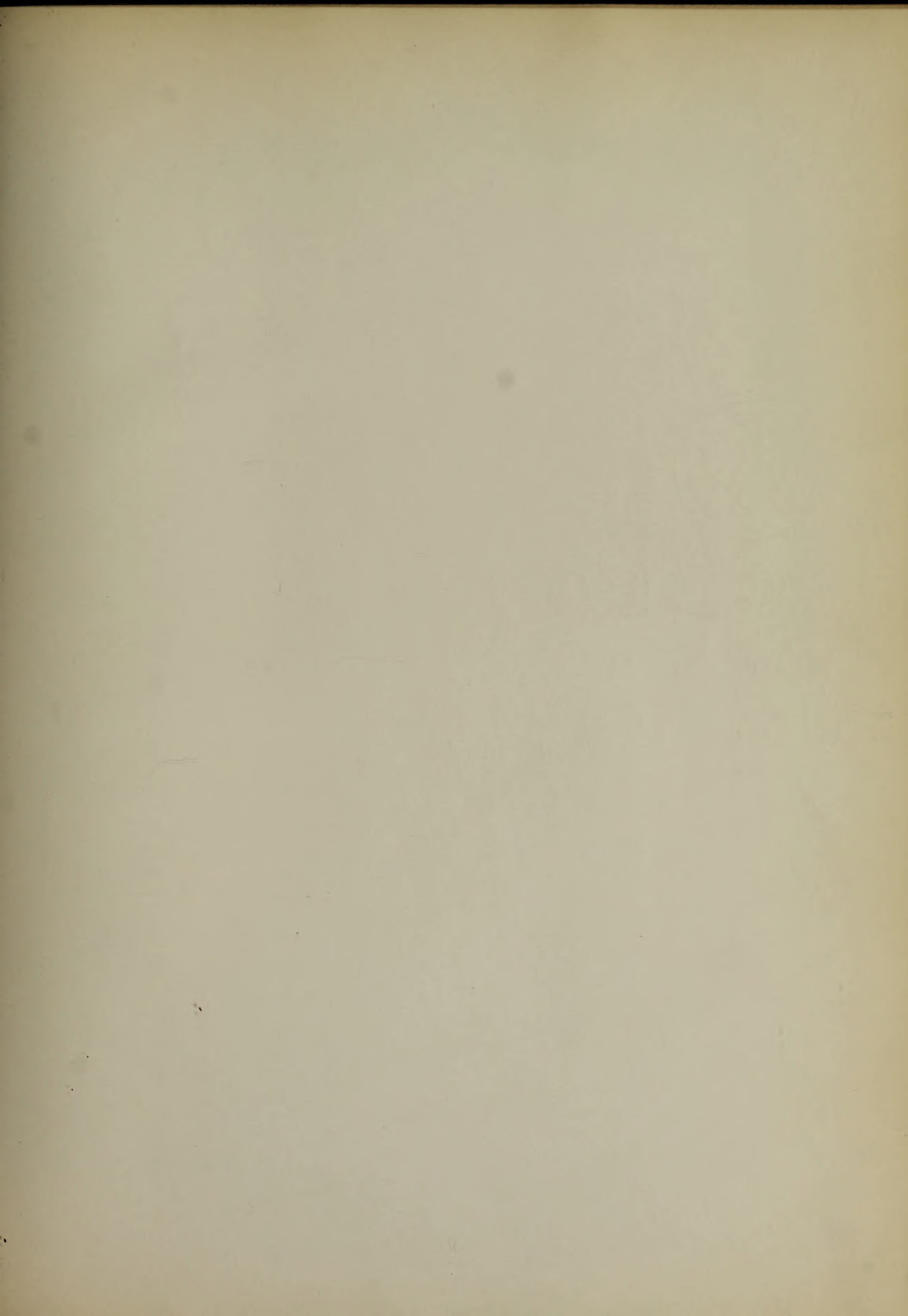
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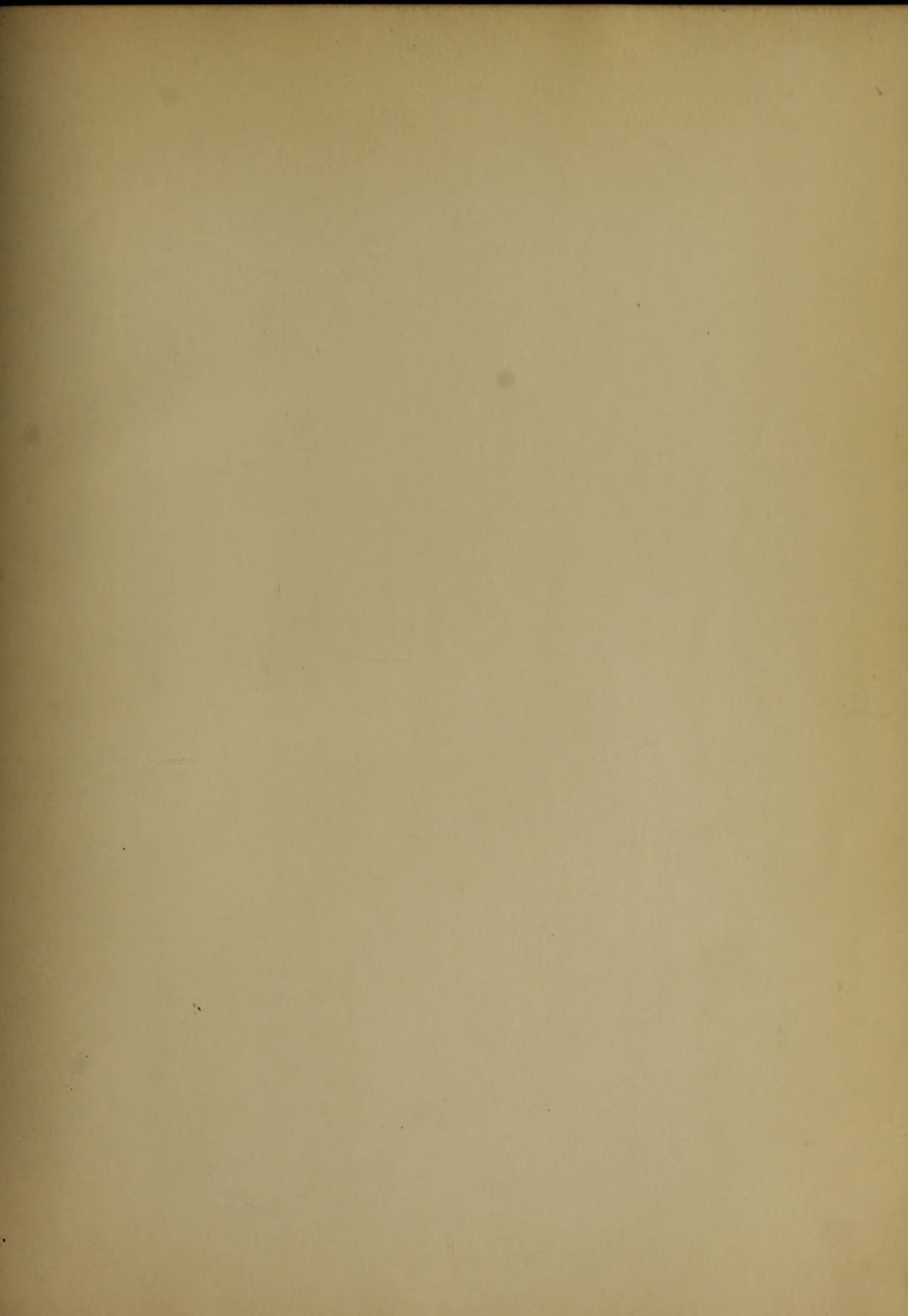
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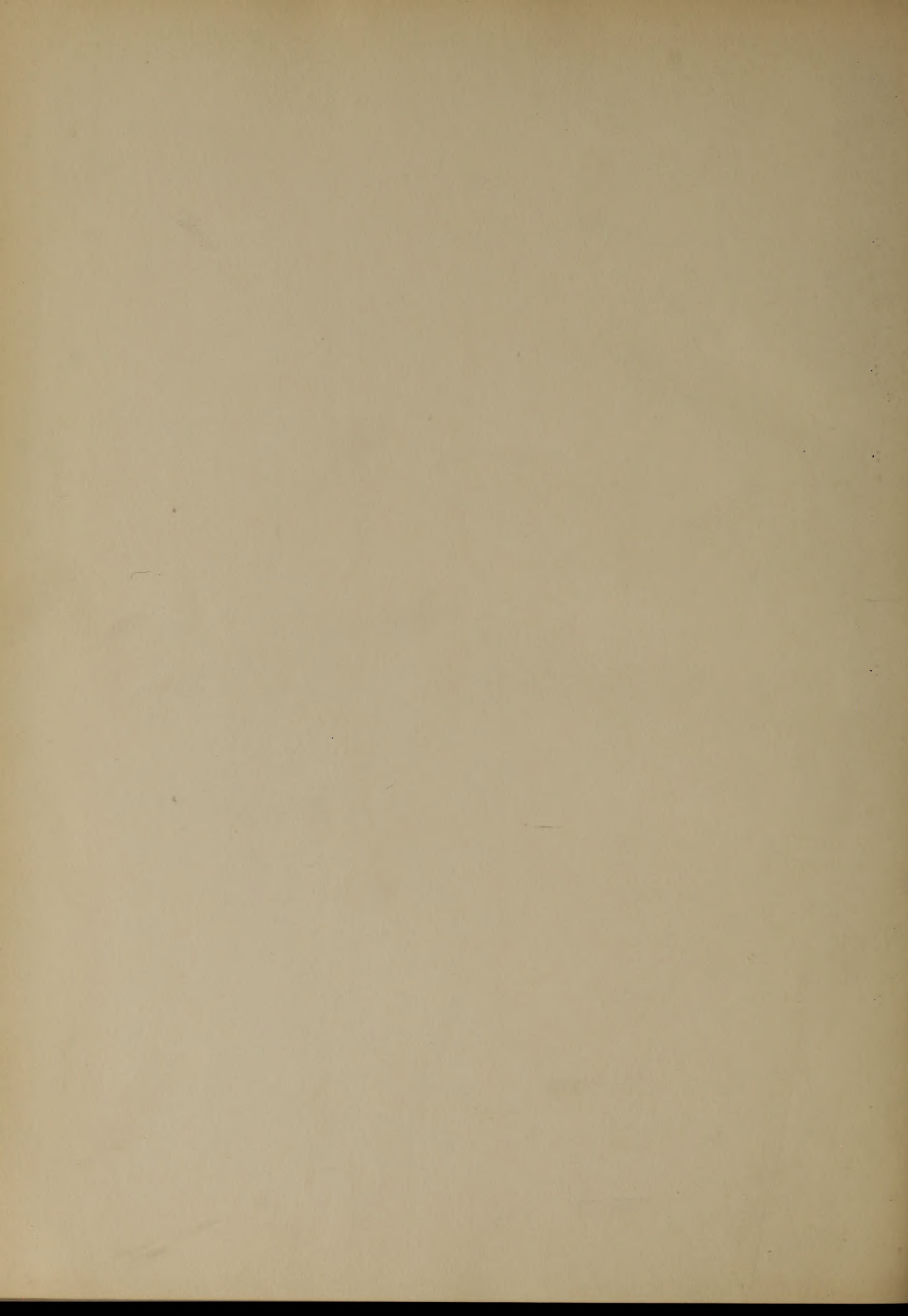
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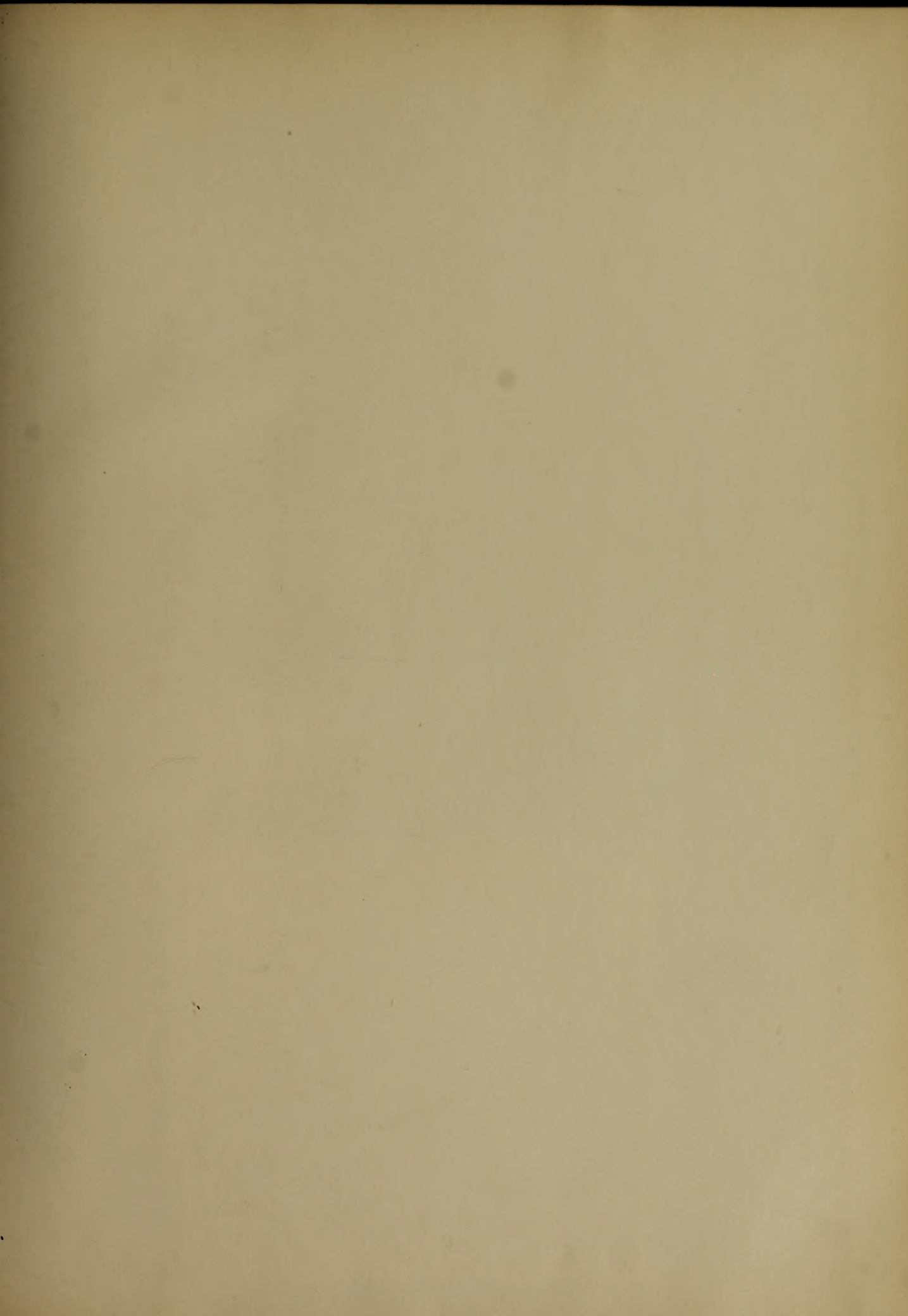
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